

North of Tyne Combined Authority, Audit and Standards Committee

Tuesday, 24 January 2023 at 10.00 am

Meeting to be held in Committee Room 0.01, North Tyneside Council, Quadrant, The Silverlink North, Cobalt Business Park, North Tyneside, NE27 0BY

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AGENDA

Page No

1. **Welcome and Apologies**

2. **Declarations of Interest**

Please remember to declare any personal interest where appropriate both verbally and by recording it on the relevant form (to be handed to the Democratic Services Officer). Please also remember to leave the meeting where any personal interest requires this.

3. **Appointment of Vice Chair for the municipal year 2022-23**

4. **Agreement of the minutes of the meeting held on 5 July 2022** **1 - 6**

5. **Agreement of the notes of the meeting held on 15 November 2022** **7 - 10**

6. **Draft Annual Governance Statement** **11 - 42**

7. **Final Statement of Accounts 2021/22 Update**

Members are requested to note the intention to circulate the above report on a supplemental agenda in accordance with the provisions of the Local Government (Access to Information) Act 1985.

8. **Strategic Risk and Opportunities Register** **43 - 78**

9. **Internal Audit 2022/23 - Quarterly Update Report & Development of Strategic Internal Audit Plan 2023/24** **79 - 86**

10. **Standards update**

11. **Date and Time of Next Meeting**

25 April 2023, 10.00am at Newcastle Civic Centre

Audit and Standards Committee

5 July 2022

(10.05 - 11.00 am)

Meeting held: Banqueting Hall, Civic Centre, Newcastle upon Tyne, NE1 8QH

Draft Minutes

Present:

Chair: Doug Ross

Councillors: L Bowman, G Castle, C Ferguson, C Hardy, T Mulvenna and S Sheraton

The Chair welcomed everyone to the meeting, noting that the committee was not quorate at that point.

[During discussion of item 9 (Draft Statement of Accounts) the meeting became quorate and the Chair then revisited agenda items previously discussed and matters were agreed where required]

1 WELCOME AND APOLOGIES

Apologies for absence were received from Cllr Shaw. Cllr Mulvenna and Cllr Bowman were attending as substitute members.

2 DECLARATIONS OF INTEREST

None.

3 APPOINTMENT OF VICE-CHAIR FOR THE MUNICIPAL YEAR 2022-2023

Returning to this item once the meeting was quorate, there being no nominations, it was **RESOLVED** that the matter be deferred to the next meeting.

4 **AGREEMENT OF THE MINUTES OF THE MEETING HELD ON 26 APRIL 2022**

Returning to this item once the meeting was quorate, it was **RESOLVED** that the minutes of the meeting held on 26 April 2022 be agreed as an accurate record, subject to the inclusion of Cllr C Seymour who was present at the meeting.

5 **2021/22 OPINION ON THE ADEQUACY AND EFFECTIVENESS OF THE FRAMEWORK OF GOVERNANCE, RISK MANAGEMENT AND CONTROL**

Submitted: Report of the Interim Chief Internal Auditor (previously circulated and a copy attached to the official records), which outlined the Internal Audit 2021/22 opinion on the adequacy and effectiveness of the framework of governance, risk management and control.

R Dunlop, Interim Chief Internal Auditor, presented the report drawing committee attention to work carried out during 2021/22 to confirm that adequate controls were in place.

Returning to this item once the meeting was quorate, it was **RESOLVED** that the report be noted.

6 **INTERNAL AUDIT - QUARTERLY UPDATE REPORT**

Submitted: Report of the Interim Chief Internal Auditor (previously circulated and a copy attached to the official records), which provided a progress update on the 2021/22 Internal Audit Plan and other recent work undertaken.

R Dunlop, Interim Chief Internal Auditor, presented the report highlighting work completed during 2021/22 and audits that had been rescheduled into 2022/23.

The Chair welcomed the work that had been carried out, noting the change in focus from the introduction of new controls, to a focus on controls that underpinned ongoing delivery.

Returning to this item once the meeting was quorate, it was **RESOLVED** that the report, be noted.

7 **STRATEGIC RISK AND OPPORTUNITIES REGISTER**

Submitted: Report of the Risk Advisor to the North of Tyne Combined Authority (previously circulated and a copy attached to the official records), which provided assurance to the committee that the most significant risks had been identified, were monitored and measures were in place to mitigate them.

P Slater, Risk Advisor, presented the report noting that there had been no changes to the risk register following the last meeting, with actions due to be reviewed and updated in September 2022. Reference was made to risk A3, innovation in recovery, where an update had been provided by the Chief Economist. In due course the LEP risk register would also be updated into a similar format.

Responding to a query, the Risk Advisor confirmed that work would take place to consider the impact of the increase in the cost of living. Commenting further, J

Gillespie confirmed that the impact of inflationary cost pressures on programmes would be a challenge and would be closely monitored.

The Chair welcomed the format and level of detail provided in the risk register.

Returning to this item once the meeting was quorate, it was **RESOLVED** that the outcomes of the strategic risk review be accepted.

8 **DRAFT ANNUAL GOVERNANCE STATEMENT (2021/22)**

Submitted: Report of the Risk Advisor to the North of Tyne Combined Authority (previously circulated and a copy attached to the official records), which presented the outcome of the annual review of the authority's governance and internal control arrangements.

P Slater, Risk Advisor, presented the report noting that since the draft statement had been presented to committee at the last meeting, no significant weaknesses had been identified and only minor amendments to the narrative in section 7 were proposed for the benefit of the reader.

It was noted that the final content of the statement would be subject to the outcome of the external audit and may be amended further prior to signature.

Returning to this item once the meeting was quorate, it was **RESOLVED** that:

- i. The draft NTCA 2021/22 AGS be approved for consideration as part of the audit of the authority's financial statements.
- ii. Committee acknowledged that the 2021/22 AGS would be kept under review and amended as necessary should any weakness come to light before the committee received a final version at its next meeting together with the Statement of Accounts.

9 **DRAFT STATEMENT OF ACCOUNTS (2021/22)**

Submitted: Report of the Chief Finance Officer (previously circulated and a copy attached to the official records), which presented the Draft Statement of Accounts for the year ended 31 March 2022, including the Draft Narrative Report and the Draft Annual Governance Statement.

J Gillespie, Chief Finance Officer, presented the report highlighting the complexity of the accounts due to the authority's share of revenue, expenditure, assets and liabilities that related to the joint transport arrangements and Nexus. Narrative would be finalised in respect of achievements during the year, in line with the corporate plan.

[Cllr Bowman joined the meeting and committee was then quorate]

K Laing, Strategic Finance Manager, provided a presentation to committee on the key points within the draft Statement of Accounts (copy attached to the official records).

Responding to a query on how useable reserves would be determined, J Gillespie confirmed that a substantial element of reserves related to unspent Investment Fund resources. In line with good practice, the authority also held a small amount of earmarked risk based reserve. The remaining earmarked reserves related to grant funding and sources of income pertaining to NECA and Nexus and were ringfenced for a specific purpose. It was agreed that additional information would be circulated on the distinction between ringfenced and un-ringfenced reserves.

In respect of the increase in surplus to £55m, K Laing confirmed that the increase related to Covid related grant funding for transport that had been received by the joint transport committee.

Assurance was sought on the confidence that officers had in the job creation forecast by 2023/24. In response, J Gillespie indicated that the forecast was based on agreements that were in place on a number of projects and programmes that had included job creation targets. The significant increase in later years reflected that the organisation had started from a stand-still position.

Noting that the job creation graph provided to committee the previous year had included a forecast over a longer period, J Gillespie undertook to provide a further report in respect of the forecast of jobs created to the next meeting.

K Laing confirmed that the graph mirrored that provided in the Corporate Plan and presented to Cabinet.

RESOLVED that –

- i. The NTCA Draft Statement of Accounts be noted.
- ii. Additional information be circulated on the distinction between ringfenced and un-ringfenced reserves.
- iii. A report be provided to the next meeting on the forecast of jobs created.

10 **EXTERNAL AUDIT PROGRESS REPORT**

Submitted: Audit Strategy Memorandum by Mazars (previously circulated and a copy attached to the official records).

G Baker, External Auditor, provided an update on completion of the 2020/21 external audit, noting outstanding work in relation to: a resolution from CIPFA to national issue on the accounting of infrastructure; the value for money exercise; and work necessary to conclude the Whole of Government Accounts consolidation pack.

It was noted that external audit capacity was in place for the 2021/22 audit and work on Nexus accounts would take place in July/August prior to NECA and then NTCA, with a view to completing the external audit by the end of November 2022.

J Dafter, External Auditor, presented the Audit Strategy Memorandum and drew members attention to: the summary of engagement and responsibilities; team capacity and the appointment of new team leader; the scope and approach of the audit, which would be similar to the previous year; significant risks and key judgement areas, which included accounting for Tyne Tunnel income and the pension fund defined benefit liability valuation; value for money work that would be

completed; fees; independence and materiality, which was different to the previous year, but not unexpected.

Responding to a query, G Baker confirmed that certificates to close the 2020/21 external audit could only be issued once a national position had been reached on accounting for infrastructure as this would need to be considered first. The position impacted on all authorities with material infrastructure.

RESOLVED that the report be noted.

11 **DATE AND TIME OF NEXT MEETING**

Noted as Tuesday 15 November 2022 at 10am.

The Chair advised that, due to other commitments, this would be his last meeting as Chair of the committee, subject to an appointment being made before the next meeting and he thanked members and officers for their support and contribution to the work of the committee.

On behalf of the committee and the combined authority, R Redfern thanked the Chair for his commitment and the outstanding contribution that he had made to the work of the committee, and she wished him well for the future.

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Audit and Standards Committee (not quorate)

15 November 2022

(10:00 – 10:40am)

Meeting held: Collingwood/Stephenson Room, Civic Centre, Newcastle

Notes

Present: Councillor S Sheraton, A McMullen, T Mulvenna and J Shaw

1 WELCOME AND APOLOGIES

Apologies for absence were received from Councillors Ferguson, Stone, Hardy, Castle and Beynon.

2 DECLARATIONS OF INTEREST

None

3 APPOINTMENT OF VICE CHAIR FOR THE MUNICIPAL YEAR 2022-23

As the meeting was inquorate the item was deferred until the next meeting.

4 AGREEMENT OF THE MINUTES OF THE MEETING HELD ON 5 JULY 2022

As the meeting was inquorate agreement of the draft minutes was deferred until the next meeting.

5 INTERNAL AUDIT - QUARTERLY UPDATE REPORT

Submitted: Report of the Interim Chief Internal Auditor (previously circulated and a copy attached to the official records), which provided progress against the 2022/23 Internal Audit Plan to end October 2022 and other recent work undertaken.

Richard Dunlop (Interim Chief Internal Auditor) presented the report advising that four pieces of work had been completed – two primary internal audits, one business continuity audit and a service level agreement.

R Dunlop confirmed that there were sufficient staff in place and that an Operational Capacity and Resources audit would be completed by the end of the year.

In response to a question from the Chair, R Dunlop advised that progress updates would be provided to all Audit and Standards Committee meetings.

6 **STRATEGIC RISK AND OPPORTUNITIES REGISTER**

Submitted: Report of the Risk Advisor to North of Tyne Combined Authority (previously circulated and a copy attached to the official records), which provided assurance to the committee that the most significant risks had been identified, were monitored and measures were in place to mitigate them.

Philip Slater (Chief Internal Auditor – Newcastle City Council (acting as Risk Advisor to NTCA) presented the report and stated that mitigation plans were on track for delivery with new reviewed dates being noted against them to ensure regular monitoring. At this review point there has been no change in the risk assessments (RAG), although there was continued confidence in the actions being taken to mitigate the risks identified in the risk register. It was noted that Internal Audit had made recommendations on NTCA's Business Continuity Plan and progress against implementing these would be monitored.

The LEP Risk Register had been reviewed and updated, in line with the same revised format as the NTCA Risk Register, which gave more detail and narrative.

P Slater highlighted the new risk to monitor the North East LEPs transition would be managed on a joint basis by the NTCA Chief Executive and LEP Chief Executive.

It was noted the North East LEP's risks assessments rated Red continued to be managed.

7 **EXTERNAL AUDITORS VERBAL UPDATE: FINAL STATEMENT OF ACCOUNTS 2021/22**

Gavin Barker (Mazars) provided a verbal update to advise committee of the most up to date position and discussed the current unprecedented situation with regards to producing the Final Statement of Accounts for 2021/22.

He explained his role as an external auditor and how a Value for Money report and the Final Statement of Accounts for 2021 and 2022 could not be produced and signed-off due to an ongoing national issue relating to a technical accounting point on infrastructure, which started in February/March 2022. It was anticipated that the necessary agreements and legal processes to resolve the issue would be completed around Christmas. G Barker advised that a draft Value for Money report had been prepared and he anticipated being able to share the narrative of the report in the next few weeks.

Changes were expected to have to be made to the draft, which could be done in the New Year and enable the completion of the 2021/22 Audit with an anticipated sign off the audit certificate by end January 2023.

G Barker then explained their current workload (in order) working on group statements with Nexus, NECA and NTCA.

The group statement for Nexus had been completed, however G Barker warned that there was an issue over pension figures disclosed in the Nexus accounts which may impact on the NTCA statement. G Barker explained it was not straightforward but assured committee of Mazars commitment and the hard work of their offices/teams.

J Gillespie said she would work closely with G Barker and highlighted they would need to consider how the sign off would coincide with the future committee meeting dates and suggested an extraordinary meeting may be required.

8 DATE AND TIME OF NEXT MEETING

24 January 2023

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Audit and Standards Committee

24 January 2023

Subject: 2021/22 Draft Annual Governance Statement

Report of: Risk Advisor to North of Tyne Combined Authority (NTCA)

Report Summary

This report presents the outcome of the annual review of the Authority's governance and internal control arrangements and highlights one area for improvement identified by the review regarding the Authority's compliance with the CIPFA Financial Management Code.

Section 13 of the Annual Governance Statement (Governance and Internal Control Improvements) details the actions that will be undertaken during 2023 to ensure the Authority fully complies with the Code.

Audit and Standards Committee approved the draft 2021/22 Statement at its July 2022 meeting and there have been no significant weaknesses identified since its approval so little change to the document.

The Statement has been considered as part of the audit of the Authority's financial statements before being finalised and presented to Audit and Standards Committee today for further approval.

The final 2021/22 Annual Governance Statement will be signed by the Mayor, Chief Executive, Chief Finance Officer and the Chair of Audit and Standards Committee before being published with the Authority's final accounts.

A copy of the draft 2021/22 Annual Governance Statement is provided at Appendix A.

Recommendations

The Audit and Standards Committee is recommended to:

1. Approve the NTCA Annual Governance Statement for inclusion in the Authority's 2021/22 annual accounts and recommend it for signature by the Mayor, Chief Executive, Chief Finance Officer and the Chair of Audit and Standards Committee

1. **Background Information, Proposals and Timetable for Implementation**
 - 1.1 The Combined Authority has a statutory duty under the Accounts and Audit Regulations 2015 to do the following on an annual basis:
 - Conduct a review of the effectiveness of its governance framework, including the system of internal control;
 - Prepare an Annual Governance Statement; and
 - Through a relevant committee review and approve the Annual Governance Statement

1.2 The Chartered Institute of Public Finance and Accountancy (CIPFAs) publication “Delivering Good Governance in Local Government” (2016 Edition), sets a framework, and the standard, for local authority governance in the UK. The Framework sets out a set of principles which we test our governance arrangements against:

- Ensuring openness and comprehensive stakeholder engagement
- Developing the entity’s capacity, including the capability of its leadership and the individuals within it
- Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
- Determining the interventions necessary to optimise the achievement of the intended outcomes
- Managing risks and performance through robust internal control and strong public financial management
- Defining outcomes in terms of sustainable economic social and environmental benefits
- Implementing good practices to transparency, reporting and audit to deliver effective accountability

2. Annual Governance Statement Assurance Framework– 2021/22

2.1 The approach to produce the 2021/22 AGS is based on a framework of assurance and in preparing it, it has been necessary to review evidence from the following sources. This approach complies with the CIPFA recommended practice:

- Governance Arrangements e.g. the Authority’s Constitution
- Assurance from the Statutory Officers, including the Monitoring Officer, Chief Finance Officer and Senior Information Risk Owner, through written statements
- Members - Views of Audit and Standards Committee
- Internal Audit Activity – including the Chief Internal Auditor’s annual opinion
- Risk Management – Strategic risk reviews
- Performance Management – outcomes reported during 2021/22
- Views of the external auditor and other external inspectorates
- Key partnerships, including the voluntary, community and social enterprise organisations (VCSE)
- Nexus, through an assurance statement signed by Nexus’ Director of Finance and Resources
- North East Local Enterprise Partnership, through a partnership assurance statement, signed by the Chief Executive

3. Outcomes of the Review of Assurances

3.1 The NTCA 2021/22 AGS fully complies with the CIPFA Framework and provides detailed evidence against each of the above principles highlighted in paragraph 1.2, to show how the Authority has adhered to its governance commitments as set out in the Constitution. The Statement includes hyperlinks to sources of further information detailed on the North of Tyne website, (for example the Authority’s Corporate Plan, Freedom of Information Scheme and Annual Report), demonstrating how the Authority has implemented its commitments and complies with the governance standards and principles.

3.2 The review highlighted no significant weaknesses in the internal control environment during 2021/22, although did acknowledge that compliance with the CIPFA Financial Management Code should remain as an area requiring improvement. This area for improvement is disclosed within an action plan which is included at Section 13 of the AGS (Governance and internal control improvements). The action plan will continue to be monitored as part of the AGS review process during 2023.

3.3 Audit and Standards Committee fulfil an ongoing review, challenge and assurance role in relation to governance and internal control issues and will therefore receive a report during 2023 to allow the Committee to monitor the implementation of the actions to ensure the Authority is fully compliant with the CIPFA Financial Management Code.

4. Next Steps

4.1 The Authority's 2021/22 audited accounts and Annual Governance Statement will be approved by Cabinet on 31 January 2023. Therefore, Audit and Standards Committee are requested to approve the 2021/22 Annual Governance Statement at today's meeting, recommending it for signature by the Mayor, Chief Executive, Chief Finance Officer and Chair of Audit and Standards Committee.

5. Potential Impact on Objectives

5.1 No direct impact on objectives.

6. Key Risks

6.1 There are no specific risk implications directly arising from this report. The management of risks has been considered as part of the production of the Annual Governance Statement.

7. Financial and Other Resources Implications

7.1 This work to develop the Annual Governance Statement has been carried out by Newcastle City Council's Internal Audit Service under the Service Level Agreement.

8. Legal Implications

8.1 There are no direct legal implications arising from this report.

9. Equalities Implications

9.1 There are no direct equalities implications arising from this report.

10. Inclusive Economy Implications

10.1 There are no direct inclusive economy implications arising from this report.

11. Climate Change Implications

11.1 There are no direct climate change implications arising from this report.

12. Consultation and Engagement

12.1 The Chief Executive, Monitoring Officer, Chief Finance Officer and NTCA Senior Management Team have been consulted on the draft 2021/22 AGS.

13. Appendices

13.1 Appendix A – Draft 2021/22 Annual Governance Statement

14. Background Papers

14.1 None

15. Contact Officers

15.1 Philip Slater, Chief Internal Auditor Newcastle City Council (acting as Risk Advisor to NTCA)

E mail: philip.slater@newcastle.gov.uk

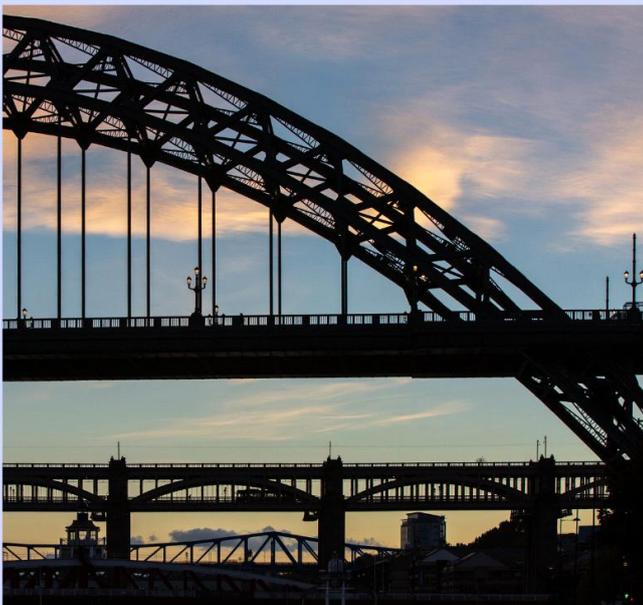
Tel: 0191 2116511

16. Glossary

16.1 None



ANNUAL GOVERNANCE STATEMENT 2021/22



**NORTH
OF TYNE**
~~~~~  
**COMBINED  
AUTHORITY**

## Section 1: Introduction

This Annual Governance Statement provides an overview of how the North of Tyne Mayoral Combined Authority's governance and internal control arrangements operated during 2021/22, including how they are reviewed annually to ensure they remain effective.

## Section 2: Scope of Responsibility

The North of Tyne Combined Authority (NTCA) is a cross-party, cross-region collaboration led by a Mayor and Cabinet to create a dynamic and more inclusive economy, one that brings together people and opportunities to create vibrant communities and a high quality of life, narrowing inequalities and ensuring that all residents have a stake in our region's future.

It was established on 2 November 2018 to deliver the devolution deal agreed between Newcastle, North Tyneside and Northumberland Councils, the North East Local Enterprise Partnership (North East LEP) and Central Government. Devolution has given us the chance to make our own decisions about our own future - with a shift of power, funding and responsibility from central government to the region. It does not replace the three constituent councils, nor take away any of their statutory powers.

We work in partnership and create connections between our programmes and projects for the region. We target investment where we know we need it most and make connections between economic growth and providing the skills, education and confidence local people need to benefit. We work collaboratively with:

- The North East LEP to support delivery of the objectives of the regions Strategic Economic Plan. We are the accountable body of the North East LEP with all its funding decisions being held to account through NTCA.
- The North East Combined Authority to support the region, including transport. To oversee strategic transport functions a Joint Transport Committee has been established with members from both Combined Authorities.
- All seven Local Authorities, and other regional bodies on issues that relate to the wider region.

NTCA is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It is also responsible for ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised.

In discharging this overall responsibility, the Authority's Cabinet and Statutory Officers are responsible for putting in place proper arrangements (known as a Governance Framework) for:

- (i) the governance of our affairs and
- (ii) facilitating the effective exercise of our functions, including arrangements for the management of risk

In relation to (ii) the Authority has developed a system of internal control designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to:

- a) identify and prioritise the risks to the achievement of our, aims and objectives; and
- b) evaluate the likelihood of those risks being realised, the impact should they be realised, and to manage them efficiently, effectively and economically.

The Combined Authority has developed a Risk Management Strategy and Strategic Risk Register which is reported regularly at meetings of the Authority's Audit and Standards Committee. This information can be found under the [Audit and Standards Committee on the Authority's web-site](#).

### Section 3: Purpose of The Governance Framework

Corporate governance is a phrase used to describe how organisations direct and control what they do. The Chartered Institute of Public Finance and Accountancy (CIPFAs) publication "Delivering Good Governance in Local Government" (2016 Edition), sets a framework, and the standard, for local authority governance in the UK. The Framework sets out a set of principles which we test our governance arrangements against to consider the extent to which the Authority complies with the principles of good governance as set out in the Framework. This is reported through the Annual Governance Statement. It also enables us to monitor the achievement of the Authority's priorities and to consider whether those priorities have led to the delivery of appropriate services which represent value for money.

The Governance Framework has been in place for the year ended 31 March 2022 and up to the date of approval of the Authority's Annual Report and Accounts.

This Annual Governance Statement meets the requirements of the Accounts and Audit Regulations 2015 (6) (1) to conduct a review of the effectiveness of the system of internal controls required by Regulation 3 and prepare an Annual Governance Statement.

### Section 4: The Governance Framework

The core principles and outcomes of our Governance Framework are set out overleaf. This includes examples of how the Authority has adhered to its governance commitments set out in the Constitution and includes hyperlinks to sources of further information which include more detail about how NTCA has implemented its commitments.

#### Principles of Good Governance

- |                                                                                                                      |                                                                                                                      |
|----------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|
| <b>A.</b> Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law | <b>E.</b> Developing the entity's capacity, including the capability of its leadership and the individuals within it |
| <b>B.</b> Ensuring openness and comprehensive stakeholder engagement                                                 | <b>F.</b> Managing risks and performance through robust internal control and strong public financial management      |
| <b>C.</b> Defining outcomes in terms of sustainable economic, social, and environmental benefits                     | <b>G.</b> Implementing good practices in transparency, reporting, and audit to deliver effective accountability      |
| <b>D.</b> Determining the interventions necessary to optimise the achievement of the intended outcomes               |                                                                                                                      |

## The Governance Framework

### A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

| <b>The Authority's Commitment of Good Governance</b> | <b>How the Authority meets these principles</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>Where you can see Governance in action</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Behaving with Integrity</b></p>                | <p>The 2022 budget and our medium-term financial plan for the period 2023-24/2025-26 has been developed within the context of the Authority's strategic priorities and policy decisions made by the Mayor and Cabinet. This ensures that the Combined Authority's strategic plans are delivered within the financial resources available.</p> <p>A Deed of Cooperation was made on the 4 July 2018 between the seven Constituent Authorities in the area which outlines a framework for collaborative working across the region.</p> <p>A register of Members' interests (including gifts and hospitality) is also maintained and published on each Members' page on the NTCA website. The register is reviewed on an annual basis.</p> <p>The Monitoring Officer advises on compliance with our Constitution, ensuring that decision making is lawful, fair and ethical.</p> <p>Our financial management arrangements conform to the CIPFA Statement on the Role of the Chief Finance Officer and are the responsibility of the NTCA Chief Finance Officer.</p> | <p><a href="#">2022-2026 Budget Proposals</a> (Agenda item 11a – page 323)</p> <p><a href="https://www.northoftyne-ca.gov.uk/who-we-are/the-cabinet/">https://www.northoftyne-ca.gov.uk/who-we-are/the-cabinet/</a></p> <p><a href="https://www.northoftyne-ca.gov.uk/documents/part-5-1-constitution-code-of-conduct-for-members/">https://www.northoftyne-ca.gov.uk/documents/part-5-1-constitution-code-of-conduct-for-members/</a></p> <p><a href="#">Gifts and Hospitality Policy</a></p> |

Demonstrating Strong Commitment to Ethical Values

Our Constitution defines our standing orders, standing financial instructions, and scheme of delegation. These clearly define how decisions are taken and the processes and controls required to manage risks. We will ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.

The Monitoring Officer advises on compliance with our Constitution, ensuring that decision making is lawful, fair and ethical.

Codes of conduct are set out in the Constitution, defining standards of behaviour for Members and Officers working on behalf of the Authority. Audit and Standards Committee deal with issues of conduct and generally promote high standards among officers and members.

Our Freedom of Information Scheme is published on our website

We ensure that there are effective arrangements for “Whistle-blowing” and for receiving and investigating complaints from the public. Administration of the Authority’s policies on anti-fraud and corruption is undertaken by Internal Audit.

Whistleblowing policy and procedure is at Part 5.5 of our Constitution

The Authority appoints Statutory Officers who have the skills, resources and support necessary to ensure statutory and regulatory requirements are complied with.

Data Protection and Confidentiality; Environmental; Equalities and Diversity; Modern Slavery; and Social Value policies are in place and available on our Transparency page of our website.

The [Constitution](#) is available on the NTCA website.

Cabinet Rules of Procedure (“Standing Orders”) can be found at [part 3.1](#) of the Constitution

Codes of Conduct can be found at [Part 5.2](#) of the Constitution

[Freedom of Information Scheme](#)

[Whistleblowing Policy](#)

[Transparency Policies](#)

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|                                   | <p>We work with Cabinet and wider partners and stakeholders to develop a clear set of values by which we work which are outlined in our Corporate Plan.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <p><a href="#">Working Together: Our Corporate Plan 2022-2023</a> (page 3)</p> |
| <p>Respecting the Rule of Law</p> | <p>NTCA has measures to address breaches of its legal and regulatory powers. The Authority’s Monitoring Officer has statutory reporting duties in respect of lawful decision and maladministration.</p> <p>We review and update our standing orders, standing financial instructions, scheme of delegation and support procedure notes/manuals – these clearly define how decisions are taken and the processes and controls required to manage risks.</p> <p>Scheme of Delegations - The proposed scheme identifies a number of officers as “designated officers” who can exercise the delegated functions allocated to them in the scheme. These designated officers are the Chief Executive (as designated Head of Paid Service) the Director of Finance (as, Chief Finance Officer), Monitoring Office and the Director of Policy and Performance, as well as the Chief Executive of the North East LEP (whose delegation relates to North East LEP matters only).</p> <p>Our financial management arrangements conform to the CIPFA Statement on the Role of the Chief Finance Officer.</p> <p>The Monitoring Officer is advised on compliance with our policy framework, ensuring that decision making is lawful and fair and ethical.</p> | <p><a href="#">Constitution</a> 2.9 – Scheme of Delegations</p>                |

## B. Ensuring openness and comprehensive stakeholder engagement

| <i>The Authority's Commitment to Good Governance</i>                                                                                                                      | <i>How the Authority meets these principles</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <i>Where you can see Governance in action</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
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| <p><b>Ensuring Openness</b><br/>Engaging Comprehensively with Institutional Stakeholders</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 21</p> | <p>We are clear on delivering the objectives of the Combined Authority and intended outcomes of our vision. Our Corporate Plan outlines the things we are doing and will do in future – using the powers and resources from our Devolution Deal, and the rapid progress we have made since – to drive jobs, inclusion, new homes and positive economic change in our region</p> <p>Our Annual Report ‘Getting Stuff Done in 2021’ sets out the Authority’s achievements and the work of the Mayor and Cabinet over the last year.</p> <p>The Elected Mayor chairs the Cabinet and Cabinet decisions will be subject to scrutiny by the Overview and Scrutiny Committee. The Elected Mayor has a number of specific powers and financial resources which Cabinet can make representations on, and which can also be subject to scrutiny by the Overview and Scrutiny Committee.</p> <p>Transport is of strategic importance to the North East and together with the North East Combined Authority a North East Joint Transport Committee has been established bringing together members from across the seven local authorities, allowing effective decision making across the region to ensure that the local needs and transport priorities are delivered.</p> | <p><a href="#">Working Together: Our Corporate Plan 2022-2023</a> (page 3)</p> <p><a href="#">Getting stuff done in 2021- Annual Report</a></p> <p><a href="#">Overview and Scrutiny Committee – Annual Report</a> – Agenda item 8</p> <p>Part 2.2 of NTCA’s Constitution<br/><a href="https://www.northoftyne-ca.gov.uk/documents/part-2-constitution-responsibility-for-functions/">https://www.northoftyne-ca.gov.uk/documents/part-2-constitution-responsibility-for-functions/</a></p> <p><a href="#">North East Joint Transport Committee</a></p> <p><a href="#">North East Transport Plan</a></p> |

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|                                                                                           | <p>The NTCA updated Adult Education Strategic Skills Plan sets out our ambitious programme for skills development. It highlights strengths, opportunities and challenges across our region and sets out the NTCA key priorities to ensure our residents have the skills to get a good job, progress in work and that employers have people with the right skills.</p> <p>The NTCA regularly engages with external stakeholder and collaborators – across the VCSE, business, health and education sectors. And also with partners across the public sector at a local and national level. This has included representation at Cabinet meetings, regular liaison meetings, events and more informal collaborations.</p>                                                                                                                                                                                                                       | <p><a href="#">Opportunity for All – North of Tyne Strategic Skills Plan 2021-2023</a></p>                                                           |
| <p>Engaging stakeholders effectively, including individual citizens and service users</p> | <p>Meetings, agendas and minutes are accessible via the website. All meetings are held in public (other than where consideration of confidential or exempt information) - during the pandemic, Cabinet meetings and all other Committees were held virtually, in accordance with their usual timescales, and live streamed for the public to view. Cabinet meetings continue to be livestreamed.</p> <p>We publish a register of key decisions to notify the public of the most significant decisions the Combined Authority is due to take. Details of each decision are included on the Forward Plan 28 days before the report is considered and any decision is taken. This allows an opportunity for people to find out about major decisions that NTCA is planning to take.</p> <p>In 2021 the Overview and Scrutiny Committee conducted a study group on co-production with three recommendations all accepted by Cabinet in July.</p> | <p>NTCA <a href="#">website</a></p> <p><a href="#">Forward Plan</a></p> <p><a href="#">Co-production at NTCA Scrutiny Report</a> – Agenda item 6</p> |

Our Freedom of Information Scheme is published on our website.

The appointment of a Mayoral Ambassador for the Voluntary, Community and Social Enterprise Sector (VCSE) and supporting Accord, which sets out a framework for a new relationship between NTCA and the VCSE to deliver our shared vision of an inclusive economy.

We set up a dedicated Coronavirus webpage which provides support for our businesses and communities, providing the latest government advice and available support. The website also signposts businesses to specialist sources of Brexit preparedness advice and support.

We continue to use Facebook and Twitter as primary social media platforms to provide information on news and events for residents, businesses and visitors.

Our website includes a transparency page where you will find the non-financial information the North of Tyne Combined Authority publishes under the Local Government Transparency Code 2015.

We continue to work closely with our adult education providers providing stability and flexibility to ensure delivery is maintained throughout and beyond the Covid-19 pandemic. The hyperlink to the mid-year update provides an update on provision for the period 1 August 2021 to 4 February 2022.

[Freedom of Information Scheme](#)

VCSE [Accord Agenda item 4](#)  
[VCSE Stakeholder Engagement Group](#)  
[Annual Report 2021/22](#) – page 19

[Coronavirus webpage](#)

[Brexit Support webpage](#)

<https://www.facebook.com/NorthTyneCA/>  
<https://twitter.com/NorthTyneCA>

[Transparency Information](#)

[Devolved Adult Education Budget – mid year update](#) (Agenda item 6 – page 21)

**C. Defining outcomes in terms of sustainable economic, social, and environmental benefits**

| <b>The Authority's Commitment to Good Governance</b>            | <b>How the Authority meets these principles</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>Where you can see Governance in action</b>                                                                                                                                         |
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| <p>Defining Outcomes</p>                                        | <p>Our Corporate Plan outlines the things we are doing and will do in future – using the powers and resources from our Devolution Deal, and the rapid progress we have made since – to drive jobs, inclusion, new homes and positive economic change in our region.</p> <p>The North East LEP works with its partners, which includes NTCA and NECA, to deliver the regions Strategic Economic Plan (SEP). The Plan reflects on recent changes to the global and national economy as well as the UK's departure from the European Union. It also looks at how the North East can maximise opportunities around the UK's Industrial Strategy.</p> <p>We incorporate good governance arrangements in our partnerships and reflect these in our overall governance arrangements.</p> | <p><a href="#">Working Together: Our Corporate Plan 2022-2023</a> (page 3)</p> <p><a href="#">Strategic Economic Plan</a></p> <p><a href="#">Significant Partnership Register</a></p> |
| <p>Sustainable, Economic, Social and Environmental Benefits</p> | <p>To build on the engagement that is already happening across the North of Tyne region regarding climate change, Cabinet has approved the creation of a Citizens' Assembly to look at a specific set of issues relating to climate change.</p> <p>The findings and conclusions of the Assembly have been built into the work of the NTCA, including through multiple cabinet reports.</p> <p>NTCA have embedded our 'zero-carbon – zero poverty' approach; the Energy, Green Growth and Climate Change</p>                                                                                                                                                                                                                                                                       | <p><a href="#">North of Tyne Citizens' Assembly on Climate Change</a></p>                                                                                                             |

programme, improving the north bank of the Tyne, green crowdfunding and our Green New Deal which will create jobs, reduce emissions, and save money – it's the kind of innovation that's needed for local areas to become net-zero. Creating jobs need not cost the Earth.

As part of the business planning process the Authority sets out how it will work towards its agreed equality objectives, with Equality Impact Assessments undertaken to ensure we consider the likely impact of our policies and plans on different groups of people to ensure they do not inadvertently disadvantage anyone.

Equality implications are considered in all our decision-making reports - with reporting templates prompting report authors to record the equality implications arising from their reports.

Our Social Value Policy sets out how the Authority will deliver social value through their commissioning and procurement activities and to set the Authority's priorities in relation to social value.

NTCA has developed a programme to understand what 'Good Work' should look like in the North of Tyne and how NTCA can promote and reward employers that are offering the elements of 'Good Work'. This has included the development of a Good Work Pledge, which enables employers to understand the key elements of 'Good Work', what they can do to achieve this for their employees and what support is available to help them get there. By the end of financial year 2021-22, the pledge covered over 35,500 employees who have secure employment, a decent wage,

[Social Value Policy](#)

[Newcastle college](#) receives good work pledge award

<https://www.northoftyne-ca.gov.uk/projects/good-work-pledge/>

<https://www.northoftyne-ca.gov.uk/wp-content/uploads/2022/09/Supplemental-Agenda.pdf> (para 1.3 of the report)

proper representation and a ladder to boost skills to turn a job into a career.

The Adult Education Budget provision supports key elements of the North East Strategic Economic Plan and plays a key role in NTCA's economic growth and reform agenda.

To support businesses during the Coronavirus pandemic we have made funding of £5m available with additional grant funding of around £1.5m to support businesses during the Coronavirus crisis.

We have established a digital equipment loan scheme to support residents across the region giving them access to digital services and opportunities. Encouraging digital inclusion for everyone will help our residents' access new opportunities and in turn support our inclusive economy.

Inclusive Economy Board was launched in March 2020 and advises the NTCA Cabinet on inclusive economy interventions across the North of Tyne area, championing the NTCA vision and supporting the area to become a national exemplar in inclusive growth

The Housing and Land Board provides robust governance around an integrated strategic approach to improving the quality and quantity of homes in the North of Tyne area.

A North of Tyne Poverty Truth Commission will bring together community, civic and business representatives with people with experience of living in poverty. It will aim to better understand the specific effects of the Covid -19 pandemic for

[Devolved Adult Education Budget mid-year update](#) – Agenda item 6

[Covid-19 Capacity Fund](#)

[Digital Inclusion Scheme](#)

[Inclusive Economy Board Annual Report 2021/22](#) – page 13

[Housing and Land Board Annual Report 2021/22](#) – page 15

[Children North East to lead on Poverty Truth Commission](#)

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|  | <p>people living in Newcastle, North Tyneside, and Northumberland and come up with practical solutions.</p> <p>NTCA have developed a Child Poverty Prevention programme, which will support children and families in at least 90 schools across North of Tyne.</p> <p>Crowdfund North of Tyne will fund projects to help communities - its aim is to bring people together, create or improve green spaces, improve mental health, inspire creativity and opportunity for all, or support social enterprise and co-operative development.</p> | <p><a href="#">Child Poverty Prevention Programme</a> – Agenda item 9</p> <p><a href="#">Crowdfund North of Tyne</a></p> |
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**D. Determining the interventions necessary to optimise the achievement of the intended outcomes**

| <b>The Authority's Commitment to Good Governance</b> | <b>How the Authority meets these principles</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>Where you can see Governance in action</b>                                                                                                                           |
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| <p>Determining Interventions</p>                     | <p>Cabinet approved its draft budget for 2022/23, and the medium-term financial plan for the period 2023/24 to 2025/26 at its January 2022 meeting.</p> <p>Our scrutiny arrangements enhance accountability and transparency of decision making. The Overview and Scrutiny Committee acts in accordance with the principles of decision making as set out in our Constitution and will call-in decisions where there is evidence which suggests that the decision was not taken in accordance with the principles.</p> <p>A Cabinet Scrutiny Protocol has been agreed which defines the relationship between Cabinet and Overview and Scrutiny Committee, providing a framework for disagreement and debate and a way to manage it when it happens.</p> | <p><a href="#">Cabinet Report (Agenda item 11a)</a></p> <p><a href="#">Constitution (Part 1.2)</a></p> <p><a href="#">Cabinet Scrutiny Protocol (Agenda item 6)</a></p> |

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|                                             | A Scrutiny Annual Report was presented to Cabinet at its Annual Meeting                                                                                                                                                                                                                                                                                               | <a href="#">Overview and Scrutiny Committee – Annual Report</a> – Agenda item 8 |
| Optimising Achievement of Intended Outcomes | The strategic, crosscutting nature of much of the Authority’s work means that delivery is often achieved through collaboration with NTCA partners and North of Tyne Council’s. An example of this collaboration is in our Recover, redesign, reimagine plan which has been put forward to Government demonstrating our commitment to post-covid recovery and renewal. | <a href="#">Recover, Redesign, Reimagine</a>                                    |

| E. Developing the entity’s capacity, including the capability of its leadership and the individuals within it |                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                              |
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| <i>The Authority’s Commitment to Good Governance</i>                                                          | <i>How the Authority meets these principles</i>                                                                                                                                                                                                                                                                                                                                                                                  | <i>Where you can see Governance in action</i>                                                                                                                                |
| Developing the Organisation’s Capacity                                                                        | We have defined and documented in our Constitution the roles and responsibilities of Cabinet, Scrutiny and ‘proper’ officer functions (Head of Paid Service, Monitoring Officer, Chief Finance Officer), with clear delegation arrangements and protocols for effective communication. The collective and individual roles and responsibilities of the Cabinet, Members and Officers have been agreed by the Combined Authority. | <a href="#">Part 2 Constitution – Responsibility for Functions - NTCA (northoftyne-ca.gov.uk)</a><br><br><a href="#">Minutes Cabinet 8 June 2021 (northoftyne-ca.gov.uk)</a> |
| Developing the Capability of the Organisation’s Leadership and Other Individuals                              | We identify and aim to address the development needs of members and senior officers through the annual appraisal process, in relation to their strategic roles, and support these with appropriate training.                                                                                                                                                                                                                     |                                                                                                                                                                              |

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|  | <p>Staff appraisals are undertaken for all staff, with agreed targets and objectives linked to NTCA's work programme. In addition to twice-yearly 'away days' and 'learning lunch' sessions, a commitment has been made to support every NTCA member of staff to receive facilitated 360 feedback in order to produce an individual personal development plan.</p> <p>Staff are also reminded of our information governance/data security requirements whilst working remotely, to ensure they continue to work safely and securely. Additional health and safety modules have been made available on our Learning Management System alongside advice from the Health &amp; Safety Executive to ensure all our staff work safely at home.</p> |  |
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## F. Managing risks and performance through robust internal control and strong public financial management

| <b>The Authority's Commitment to Good Governance</b> | <b>How the Authority meets these principles</b>                                                                                                                                                                                                                                                                                                            | <b>Where you can see Governance in action</b>                                                                                                                                                                                                  |
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| Managing Risk                                        | Our Risk and Opportunity Management Policy and Strategy outlines our arrangements for managing risk. Risk management is an integral part of our decision-making processes. To inform decision making all committee reports include a section which highlights the key risks to the decisions or proposed recommendations and how they are being addressed. | The Risk Management Strategy and Strategic Risk Register is reported regularly at meetings of the Authority's Audit and Standards Committee. This information can be found under the Audit and Standards Committee on the Authority's website. |
| Managing Performance                                 | Cabinet and Overview and Scrutiny Committees receive quarterly finance reports, monitoring the Authority's financial position and treasury management activity.                                                                                                                                                                                            | <a href="#">Overview and Scrutiny Committee 8 February Budget Monitoring Report - Agenda item 9</a>                                                                                                                                            |

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|                                                                                                                     | <p>Cabinet and Overview and Scrutiny Committees receive six monthly reports monitoring the financial position of the North East LEP and Invest North East England.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <p><a href="#">Overview and Scrutiny Committee 5 July Outturn Report – Agenda item 9</a></p>                                                        |
| <p>Effective Overview and Scrutiny</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 30</p> | <p>Our scrutiny arrangements enhance accountability and transparency of decision making. The Overview and Scrutiny Committee acts in accordance with the principles of decision making as set out in our Constitution (Part 1.2) and will call-in decisions where there is evidence which suggests that the decision was not taken in accordance with the principles.</p> <p>A Cabinet Scrutiny Protocol has been agreed which defines the relationship between Cabinet and Overview and Scrutiny Committee, providing a framework for disagreement and debate and a way to manage it when it happens.</p> <p>A Scrutiny Annual Report was presented to Cabinet at its Annual Meeting</p> <p>There are regular meetings between the Mayor and the Chair and Vice Chair of Overview and Scrutiny Committee.</p> | <p><a href="#">Adoption of Cabinet-Scrutiny Protocol</a></p> <p><a href="#">Overview and Scrutiny Committee – Annual Report</a> – Agenda item 8</p> |
| <p>Robust Internal Control</p>                                                                                      | <p>An Officer holds the position of Data Protection Officer and is responsible for overseeing the Authority’s Data Protection and Confidentiality Strategy and its implementation to ensure compliance with the General Data Protection Regulations.</p> <p>The Authority regularly reviews policies relating to records management, data quality, data protection and information security.</p>                                                                                                                                                                                                                                                                                                                                                                                                               | <p><a href="#">Data Protection and Confidentiality Strategy</a></p>                                                                                 |

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|               | <p>The Audit and Standards Committee acts as principle advisory committee to NTCA, providing independent assurance on the adequacy of the risk management framework and internal control environment.</p> <p>An assessment of the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the Authority's internal auditors. The Chief Internal Auditor will provide an annual opinion for 2021/22 to support this Annual Governance Statement.</p> <p>A 2022/23 Strategic Audit Plan which was approved by Audit and Standards Committee April 2022, has been prepared to ensure Internal Audit resources are deployed in areas that will provide optimum benefit and value to the Authority. Progress against the 2021/22 Audit Plan was reported to Audit and Standards Committee at its January 2022 meeting.</p> <p>In September 2022 the first Audit and Standards Committee Annual Report for 2021/22 was submitted to Cabinet.</p> | <p><a href="#">Internal Audit report April 2022 – Agenda item 4)</a></p> <p><a href="https://www.northoftyne-ca.gov.uk/wp-content/uploads/2022/09/Agenda-public-1.pdf">https://www.northoftyne-ca.gov.uk/wp-content/uploads/2022/09/Agenda-public-1.pdf</a><br/>(agenda item 6)</p> |
| Managing Data | <p>All staff must undertake data protection e-learning training annually. The programme of training and awareness for all staff and members continues during 2022/23.</p> <p>The Authority makes information available to the public via the information access regimes provided for by the Freedom of Information Act 2000 and the Environmental Information Regulations 2004.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <p><a href="#">Freedom of Information Scheme</a></p>                                                                                                                                                                                                                                |

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| Strong Public Financial Management | The control and financial management arrangements are reviewed by internal and external audit throughout the year. The outcomes for 2021/22 are noted in Section 5 of this Annual Governance Statement – Annual Review of Effectiveness of Governance Framework. |  |
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| <b>G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability</b> |                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
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| <b><i>The Authority's Commitment to Good Governance</i></b>                                                     | <b><i>How the Authority meets these principles</i></b>                                                                                                                                                                                                                                                                                                                                                 | <b><i>Where you can see Governance in action</i></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <p>Implementing Good Practice with Transparency</p> <p>Page 32</p>                                              | <p>Mayor's Question Time – Mayor Driscoll hosts regular themed online Mayor's question time, welcoming questions and comments on key issues.</p> <p>Regular updates are provided on NTCA's website, Facebook Page, Twitter and YouTube.</p> <p>We publish details of delegated decisions on our website and our spending and other information relating to the Local Government Transparency Code.</p> | <p><a href="https://www.northoftyne-ca.gov.uk/news/newcastle-to-host-mayors-question-time/">https://www.northoftyne-ca.gov.uk/news/newcastle-to-host-mayors-question-time/</a></p> <p><a href="https://www.facebook.com/NorthTyneCA/">https://www.facebook.com/NorthTyneCA/</a><br/> <a href="https://twitter.com/NorthTyneCA">https://twitter.com/NorthTyneCA</a><br/> <a href="#">NTCA YouTube Page</a></p> <p><a href="#">delegated decisions on our website.</a></p> <p><a href="#">2021/22 Transparency Spend Documents</a><br/> <a href="#">Other Transparency information</a></p> |
| Implementing Good Practices in Reporting                                                                        | We ensure that our Audit and Standards Committee undertakes the core functions identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities and Police 2018.                                                                                                                                                                                                                      | <a href="#">Review of Audit and Standards Committee Arrangements – April 2022</a> – Agenda item 7                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

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|                                               | <p>Internal Audit compliance with Public Sector Internal Audit Standards</p> <p>Production of the Authority's Annual Report and Accounts</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |  |
| <p>Assurance and Effective Accountability</p> | <p>The Assurance Framework explains the arrangements for NTCA to:</p> <ul style="list-style-type: none"> <li>• Demonstrate that arrangements are in place to ensure accountable and transparent decision-making</li> <li>• Appraise projects and allocate funding; and</li> <li>• Monitor and evaluate projects to ensure that they achieve value for money and projected outcomes</li> </ul> <p>The Assurance Framework has been designed to meet the National Guidance for Single Pot Assurance Frameworks, issued by MHCLG for localities in receipt of a Single Pot as part of their Devolution Deals.</p> <p>Section 5 of this Annual Governance Statement provides the views of our internal and external auditors. Auditors report regularly to Audit and Standards Committee and provide their annual opinion on the adequacy of the effectiveness of our governance, risk and control framework.</p> <p>The Authority monitors the implementation of internal and external audit recommendations. Audit and Standards Committee receive regular reports summarising performance regarding implementation of recommendations.</p> <p>Information on expenditure, performance and decision making is sited together on the Transparency page of the Authority's website and can be accessed quickly and easily.</p> |  |

## Section 5: Annual Review Of Effectiveness Of Governance Framework

We have a legal responsibility to conduct an annual review of the effectiveness of our governance framework, including the system of internal control. The review is led by Officers and Members of Audit and Standards Committee who provide independence and challenge. The review is informed by:

- (a) An assessment of the Authority's Constitution, including its committee structure.
- (b) The views of Internal Audit. The Chief Internal Auditor's report to the July 2022 Audit and Standards Committee gives the following opinion on the adequacy and effectiveness of the framework of governance, risk management and control in place for the NTCA for 2021/22. *'The opinion of the Chief Internal Auditor is that the framework of governance, risk management and control is satisfactory overall, given the range of responsibilities it is required to discharge. This is a positive assessment of the control environment of the organisation'*.
- (c) Assurance from Statutory Officers, including the Monitoring Officer, Chief Finance Officer and Senior Information Risk Owner, through written signed statements.
- (d) The views of External Auditors.
- (e) The results of the Authority's self-assessment of compliance with the new CIPFA Financial Management Code
- (f) Activity of the Audit and Standards Committee, including ethical governance
- (g) Partnerships, including the North East Joint Transport Committee
- (h) The Risk Management process, particularly the Strategic Risk Register
- (i) Performance information which is reported to Cabinet and other meetings on a regular basis.

## Section 6: North East Joint Transport Committee and North East Combined Authority

Regional transport is operated and governed by the North East Joint Transport Committee, bringing together the two Combined Authorities, which allows effective decision-making across the region to ensure that the local needs and transport priorities are delivered. The Committee receive regular updates on North East and Regional Transport Plans. The Committee also receive regular updates from the Managing Director, Transport North East, in respect of transport partnerships, including East Coast Mainline, HS2 and Northern Powerhouse Rail.

The Joint Transport Committee, Audit Committee is also a key component of the corporate governance arrangements and is an important source of assurance about the Joint Transport Committee's arrangements for managing risk, maintaining an effective control environment; and reporting on financial and performance matters.

The Joint Transport Committee also has an Overview and Scrutiny Committee to enable local councillors, on behalf of their communities, to scrutinise and challenge the Joint Transport Committee, its committees and Nexus, and to investigate matters of strategic importance to residents with a view to influencing and adding value to the decisions.

## Section 7: Investment Fund Programme & Brownfield Housing

### Investment Fund Programme

Delivery of the initial 5-year Investment Programme is in a strong position as we approach the first culmination of the first Gateway Review with Government. Early work on this Gateway Review process has been positive.

To date £82.9m is committed (exc. £10m top slice) against a wide range of projects and programmes supporting businesses, skills and capital infrastructure. Project delivery is well underway, and we are seeing an increase in the reporting of actual outputs, including 819 new jobs and 1773 safeguarded.

Forecast cumulative expenditure for 2022/23 currently stands at c£50m (taking account of attrition). In addition, a healthy pipeline of high-quality projects is in place with further significant investments planned in the coming months. This includes establishing a £10m Equity Fund to support business growth, as well as further investments around green growth, digital, culture and creative, enabling innovation in businesses, as well as broader programmes of support to our residents and communities. The Covid-19 pandemic has had an impact on North of Tyne residents and our economy, in addition to the implications of Brexit and war in Ukraine. The Combined Authority continues to work closely with project sponsors to provide additional support and enable the development of alternative delivery methods where appropriate to realise outcomes. The impacts continue to be monitored.

An evaluation framework to capture our achievements and learning has been approved by the Mayor and the portfolio holder for Investment and Resources. The Combined Authority also commissioned SQW to undertake an external evaluation against national indicators, to support the upcoming gateway review in early 2023. The joint baseline and one-year-out report was received positively by Cabinet in February, evident throughout was the increasing strength of partnership working and capacity building across the area since NTCAs inception. Performance is reported monthly, outcomes are slightly ahead of forecasts in terms of the creation of new jobs and attracting private sector leverage. A bespoke programme management system, shared with the North East LEP, was launched in April 2021 across all NTCA programmes. The system was developed through an agile methodology with further functionality built over 2021/22. As a cloud-based system, this will improve the efficiency of managing and monitoring programmes across the Combined Authority and will streamline the interface with delivery organisations for claims and output reporting.

### Brownfield Housing

In July 2020, the Combined Authority secured £23.850m from Government's £400m national Brownfield Housing Fund. This was increased by a further £7.9m announced within the Levelling Up White Paper in February 22. The funding will be delivered over five years up to 31 March 2025, to support the development of at least 2000 new homes, by remediating and revitalising brownfield sites across the North of Tyne area. The Brownfield fund is part of a broader housing programme and pipeline of sites, shaping a strategic delivery approach to supporting housing and economic recovery.

The Combined Authority has operationalised the programme at pace, working closely with Local Authorities to establish a pipeline of projects totalling £23.3m and legally committing £12.5m against 6 investments by March 2022. A further £21.1m of proposed projects is currently going through the assurance framework which will increase the pipeline to £44m.

## Levelling up

Government produced the Levelling up White Paper in February as a “*blueprint for spreading opportunity more equally across the country*”, with a focus on productivity, quality of life, place improvements and stronger leadership.

The White Paper itself was not accompanied by major funding announcements, although the NTCA will receive nearly £8m of additional Brownfield Housing Funding and a devolved Shared Prosperity Fund allocation – with the amount not yet known.

Instead, the main focus of the White Paper is to provide the strategic backdrop for, and influence, future Government funding and decision making - in areas ranging from skills and regeneration to digital infrastructure. It also advocates that more funding should be devolved in future. Government departments will be asked to set spatial objectives and numerical targets, while a new Levelling Up Advisory Council will be created to oversee progress.

Discussions are expected on a new devolution deal for the north east in 2022-23.

## Section 8: Adult Education Budget

Devolution of Adult Education Budget (AEB) has provided an opportunity to make commissioning decisions on an area focused and forward-looking basis. NTCA’s ambition is to improve the impact of AEB in the NTCA region and we will continue our approach to strategic relationship building and partnership working to develop localised, flexible, high-quality provision that responds to the needs of our residents and employers.

In August 2020 the NTCA took control of £23,144,967 devolved AEB for academic year (AY) 2020-21. An additional allocation of £959,064 for one year only was devolved in September 2020 to invest in High Value Courses (HVC) and Sector-based Work Academy Programmes (SWAP). £409,894 was also delegated to NTCA in April 2021 to deliver the Lifetime Skills Guarantee – Level 3 Adult Offer. Bringing the total AEB for AY 2020-21 to £24,513,925.

With Cabinet approval, 100% of the NTCA AEB funding was allocated during AY 2020-21. 67% was allocated through Grant Funding Agreements, 30% was allocated through procurement exercises which were open to all adult education training providers and 3% was invested in the costs associated with managing the budget.

For AY 2021-22 NTCA have received a devolved AEB of £23,551,493 plus an additional £1,641,588 for the delegated Level 3 Adult Offer. Bringing the total AEB for AY 2021-22 to £25,193,081. NTCA Grant fund 10 Providers. 26 Contracts for Service are held with 22 Provider’s. And there are 13 Provider’s delivering the delegated Level 3 Adult Offer.

Through the Scheme of Delegation 93% of the AY 2021-22 budget has been allocated through extensions to Grant Funding Agreements and procured Contract for Services. The remaining funding is being allocated through mini-competitions and contract growth as new opportunities are identified throughout the year. All NTCA Providers have developed an AEB Delivery Plan which is monitored at quarterly performance management meetings throughout the year.

The AEB is a cornerstone of investment in the skills system and has a significant role in supporting our region’s economic recovery from the COVID-19 pandemic. Led by the priorities outlined in the published NTCA Strategic Skills Plan, NTCA officers work closely with education providers, employers and stakeholders to ensure that a high-quality adult skills offer is available which focuses on achieving outcomes directly linked to local labour market needs, helping residents to improve their quality of life and ensuring that North of Tyne employers can access residents with the skills their businesses need to grow and thrive.

The devolution of the AEB has provided NTCA with the opportunity to implement additional flexibilities on the funding for the benefit of our residents and employers. NTCA implemented a number of new funding flexibilities during AY 2020-21 and AY 2021-22 in response to consultation with the AEB provider base and in response to the ongoing impact of the COVID-19 pandemic on adult learning. All of the flexibilities have been co-designed to specifically address disadvantage and remove barriers to learning.

NTCA AEB providers have delivered a range of provision targeting employed and unemployed residents including statutory entitlements in maths, English, English for Speakers of Other Languages (ESOL) and digital skills plus full Level 2 and Level 3 vocational programmes required to access the labour market and/or progress in work.

Despite the ongoing restrictions and interruptions to learning caused by COVID-19, in AY 2020-21 the AEB funded over 25,000 enrolment opportunities and by the mid-year point in this current AY 2021-22, the AEB has already funded over 17,400 enrolment opportunities.

Key priorities set out in the NTCA Strategic Skills Plan include supporting residents of all ages, including those in work, to develop their skills to progress into better jobs and increase their earnings. We also aim to extend the reach of learning opportunities to a broader range of underrepresented groups. Analysis of NTCAs devolved AEB investment reveals that

- 72% of residents accessing devolved AEB reside in the top 20% deprived wards in our region (45% of in the top 10% deprived wards)
- 71% of AEB opportunities are being undertaken by unemployed residents
- 16% of AEB opportunities are being undertaken by young people (19-24)
- 58% of AEB enrolment opportunities are being undertaken by women
- 47% of enrolment opportunities are being undertaken by residents from our BAME community
- 72% of AEB enrolment opportunities are undertaken by residents with low or no qualifications
- 18% participating in provision self-declared a learning difficulty/disabilities

## **Section 9: Significant Weaknesses in Governance and Internal Control**

The system of governance (including the system of internal control) can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, that material errors or irregularities are either prevented or would be detected within a timely period, that value for money is being secured and that significant risks impacting on the achievement of our objectives have been mitigated.

The review highlighted no significant weaknesses in governance or internal control during 2021/22.

## **Section 10: Governance and Internal Control Improvements**

The review also identifies activities that may need improvement, but which do not constitute “significant weaknesses” in our governance and internal control arrangements. These are set out in Appendix A and will be monitored as part of the next review.

## Section 11: Conclusion

We consider the governance and internal control environment operating during 2021/22, to provide reasonable and objective assurance that any significant risks impacting on the achievement of our principal objectives will be identified and actions taken to avoid or mitigate their impact.

The annual review has shown that the arrangements for 2021/22 are in place and operating as planned.

**Mayor of the North of Tyne Combined Authority**

**Full Name: Jamie Driscoll**

**Signature:**

**Date:**

**Chief Executive**

**Full Name: Henry Kippin**

**Signature:**

**Date:**

**Chair of Audit and Standards Committee**

**Full Name: David Willis OBE**

**Signature:**

**Date:**

**Chief Finance Officer**

**Full Name: Janice Gillespie**

**Signature:**

**Date:**

## Section 13: Governance and Internal Control Improvements

## Appendix A

### CIPFA Financial Management Code

#### Background Risk

The Financial Management Code (FM Code) was an additional requirement in 2020/21 and is mandatory from 2021/22. The Code is based on a series of principles supported by specific standards which are considered necessary to provide a strong foundation to manage the short, medium and long-term finances of a public authority.

In preparation for the first full year of compliance with the Code the Combined Authority undertook a self-assessment to ensure that it complied with the FM code in line with guidance issued by CIPFA and in a way that is appropriate and proportional to its own circumstances reflecting the structure, function and size of the Combined Authority.

The overall conclusion of each Financial Management Principle has been assigned a red, amber, or green rating in line with the scale of the improvements required for full compliance. A red rating indicates that significant improvements are required, an amber rating indicates that moderate improvements are required, and a green rating indicates that no improvements or minor improvements may be required. The RAG assessment ratings against each Principle are noted below:

- Leadership – Green
- Accountability – Green
- Transparency – Green
- Standards – Green
- Assurance – Green
- Sustainability – Green

The overall results from the self- assessment were green, however, the code requires any areas for improvement to be disclosed within an action plan. The self-assessment identified 4 areas for improvement, which once implemented will ensure the Combined Authority fully complies with the Financial Management Code.

**Accountable Officer: Chief Finance Officer**

**Action(s) required to enhance effectiveness**

**Implementation date**

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |              |
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| <p><b>Assurance Principle</b> – Standard (F) The authority has carried out a credible and transparent financial resilience assessment.</p> <p><i>This requirement relates to whether the Combined Authority has undertaken an independent, credible, and transparent financial resilience assessment. Unlike Local Government the Combined Authority has full control over the grant and funding programmes it has with more certainty around the financial envelope to plan with, and no risk associated with Demand Led Services as our constituent authorities have. The factors which should be considered as part of the financial resilience assessment, will include getting routine financial management right, planning and managing revenue and capital resources well and using performance information effectively. As no assessment has been carried out to date externally, this has been consequently assessed as Amber.</i></p> <p><b>Progress update:</b><br/>An annual external assessment is carried out by the External Auditor to ensure the Combined Authority is a going concern and has put proper arrangements in place to secure value for money. In addition, the first 5-year Government Gateway Review is due to be undertaken in 2022-23 to provide independent assurance of the Combined Authorities funding programmes have resulted in positive impact for the Region.</p> | March 2023   |
| <p><b>Standards Principle</b> – Standard (H) The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.</p> <p><i>Borrowing powers need to be secured to enhance the Combined Authority’s ability to achieve its ambitions. These powers may be secured during Q4 of 2021/22 (January – March 2022). At which time an appropriate Capital Investment Strategy will be laid before the Mayor and Cabinet for their consideration.</i></p> <p><b>Progress update:</b><br/>Confirmation received 28 March 2022 that the Minister had signed the Combined Authority (Borrowing Powers) Regulations 2022 on 22 March 2022. Chief Finance Officer will work on an appropriate Capital Investment Strategy including Minimum Revenue Provision (MRP) Policy to be laid before the Mayor and Cabinet for their consideration. The Capital Investment Strategy and MRP Policy will be taken alongside the Budget Proposals Report for 2023/24 to January 2023 Cabinet.</p>                                                                                                                                                                                                                                                                                                                                                                                                      | January 2023 |
| <p><b>Sustainability Principle</b> - Standard (E) The Financial Management Style of the authority supports financial sustainability – Has the authority sought an external view on its financial style, for example through a process of peer review?</p> <p><i>The Authority has evolved as a new entity in its entirety. The nature of the funding sources and delivery mechanisms the Authority has to achieve the Ambition and the requirements of the devolved funding mean that the level of risk associated with Financial Sustainability traditionally associated with Local Government Tiers is not the same. A peer review is not a requirement for compliance with the FM Code, the benefit of doing so will enable:</i></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | March 2023   |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                   |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| <ul style="list-style-type: none"> <li>• <i>The creation of an action plan for any areas of improvement.</i></li> <li>• <i>Review adequacy of financial management support.</i></li> </ul> <p><b>Progress update:</b><br/>Head of Paid Service and members of the Senior Management Team to take this action forward with consideration of engaging on a peer review with a fellow Mayoral Combined Authority.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                   |
| <p><b>Transparency Principle - Standard (M)</b> Does the authority have a documented option appraisal methodology that is consistent with the guidance set out in the International Federation of Accountants/Professional Accountants in Business Publication – Project and Investment Appraisal for Sustainable Value Creation: Principles in Project and Investment Appraisal?</p> <p><i>The Combined Authority have an Assurance Framework for appraising all projects, in line with the HM Treasury Green Book recommendations - a review is currently ongoing to further strengthen the requirements for options appraisals and relate this to the Business Case Guidance.</i></p> <p><b>Progress update:</b><br/>A review of the Assurance Framework and Business Processes supporting the Assurance Framework is still ongoing with regular updates presented to NTCA Senior Management Team. Initiation phase almost complete.</p> | <p>March 2023</p> |

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**Subject:** Strategic Risk and Opportunities Register  
**Report of:** Risk Advisor to North of Tyne Combined Authority  
(NTCA)

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#### Report Summary

The aim of the report is to provide assurance to Audit and Standards Committee that the most significant risks and opportunities have been identified, are being monitored and measures are being taken to mitigate them.

There are no major changes to the risks at this reporting period with mitigation plans on track for delivery.

The NTCA's strategic risk register is attached at Appendix B.

#### Recommendations

The Audit and Standards Committee is recommended to:

1. Review, challenge and accept the outcomes of the strategic risk review
2. Acknowledge the risk review exercise undertaken by the North East LEP and receive the updated risk register for information
3. Note a summary of the strategic risks identified by the North East Joint Transport Committee (North East JTC) (Appendix E) are included for information

#### 1. Background Information, Proposals and Timetable for Implementation

The aim of the report is to provide assurance to Audit and Standards Committee that the most significant risks and opportunities have been identified, are being monitored and measures are being taken to mitigate them

#### 2. Strategic Risk and Opportunities Update

**C1 Business Continuity** - Failure to maintain business continuity in the event of a major disruption to the Combined Authority and its business.

This risk continues to move in a positive direction of travel with all existing controls and mitigation plans delivering as expected, however the RAG rating has remained Amber 8 as actions from a recent internal audit are in the process of being implemented. The risk will continue to be closely monitored to ensure all recommendations are actioned and progress will be reported to the April 2023 Committee meeting.

An 'at a glance' view of the strategic risk register can be found at Appendix A.

2.2 There has been no change in the risk assessments for the strategic risks since the risk register was reported to the Committee in November 2022. There is however continued confidence in the actions being taken to mitigate those risks and a detailed assessment of each risk and future activity to reduce the overall risk exposure can be found at Appendix B.

2.3 On 28 December 2022 government announced further devolution in a North East Devolution Deal. NTCA is currently assessing the impact of this announcement on NTCA's existing risk and will update the risk register accordingly for the next meeting.

### **3. Additional Risk Information**

3.1 The NTCA risks are strategic risk areas which will be monitored by this Committee and presented at each meeting. Lower level operational and project risks will continue to be managed at a project level. However, there are communication plans and escalation processes developed to ensure the biggest risks to individual programmes/projects are communicated and/or escalated to the strategic risk register.

### **4. North East Joint Transport Committee (North East JTC)**

4.1 The North East JTC Strategic Risk Register is reported for information only and records the biggest threats to the achievement of the strategic objectives of the North East JTC and its organisational risks. It was updated by the North East Combined Authority's (NECA) risk management service and presented to the JTC Audit Committee at its meeting on 13 July 2022. A summary of the strategic risks as reported in July 2022 is provided at Appendix E for information only. A full copy of the JTC strategic risk register and mitigation plans can be found on the JTC Audit and Standards Committee Agenda [here](#).

### **5. Potential Impact on Objectives**

5.1 The development of the strategic risk and opportunities register will not impact directly on the objectives of NTCA, however the approach to strategic risk management will support delivery of its aims and ambitions by acknowledging the biggest threats and putting plans in place to manage them.

### **6. Key Risks**

6.1 There are no direct risk management implications from this report. The approach to risk management is documented within the NTCA's risk management policy and strategy, which will be updated over the coming months to reflect the activity underway to reframe the Combined Authority's approach to the management of risk. The key risks will continue to be reported regularly to the Audit and Standards Committee.

### **7. Financial and Other Resources Implications**

7.1 There are no direct financial implications arising from this report. Risk Management work is supplied to NTCA (and the North East LEP) during 2022/23 through a Service Level Agreement with Newcastle City Council.

### **8. Legal Implications**

8.1 There are no legal implications arising specifically from this report.

### **9. Equalities Implications**

9.1 There are no equality and diversity implications arising from this report

### **10. Inclusive Economy Implications**

10.1 There are no direct inclusive economy implications arising out of the recommendations in this report

### **11. Climate Change Implications**

11.1 There are no climate change implications arising from this report.

### **12. Consultation and Engagement**

12.1 The Chief Executive, Monitoring Officer, Chief Finance Officer and NTCA Senior Management Team have been consulted on the strategic risk register.

### **13. Appendices**

- 13.1 Appendix A – ‘Risk at a glance’ shows the strategic risks and opportunities, including the risk priorities and direction of travel assessments
- Appendix B – Provides a detailed assessment of the NTCA strategic risks and opportunities and future activity to reduce the overall risk exposure
- Appendix C – Provides an ‘at a glance’ view of the North East LEP strategic risks, including the risk priorities and direction of travel assessments
- Appendix D – Provides a detailed assessment of the North East LEP strategic risks and future activity to reduce the overall risk exposure.
- Appendix E – A summary of the strategic risks, risk priorities and direction of travel assessments identified by the North East Joint Transport Committee
- Appendix F – Risk Analysis Toolkit to determine the risk priority

### **14. Background Papers**

- 14.1 The North East Joint Transport Committee (JTC) strategic risks can be found on the NECA website as part of the July 2022 North East JTC Audit Committee agenda [here](#).
- 14.2 [North East Devolution Deal – December 2022](#)

### **15. Contact Officers**

- 15.1 Philip Slater – Chief Internal Auditor – Newcastle City Council. (acting as Risk Advisor to NTCA)  
E-mail: [Philip.slater@newcastle.gov.uk](mailto:Philip.slater@newcastle.gov.uk)  
Telephone – 0191 2116511

### **16. Glossary**

- 16.1 North East LEP – North East Local Enterprise Partnership  
North East JTC – North East Joint Transport Committee

**'Risk at a glance'**

**Appendix A**

|                                                                                                                                                                                                                                                                                                                                                                                       | <b>Risk Priority</b> | <b>Direction of Travel</b> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------------|
| <b>Strategic Risks &amp; Opportunities</b>                                                                                                                                                                                                                                                                                                                                            |                      |                            |
| <b>External Risks</b>                                                                                                                                                                                                                                                                                                                                                                 |                      |                            |
| <b>A1 – Net Zero Transition</b><br>Failure to address climate change and environmental implications through North of Tyne investment in line with Local Authority and national net zero targets. Failure to take advantage of and seize the opportunities for green and inclusive growth.                                                                                             | <b>Amber 8</b>       | Static                     |
| <b>A2 – Inclusive Economy</b><br>Failure to achieve the planned outcomes to reduce inequality and remove barriers to ensure 'good work' and jobs are available to traditionally underserved groups. To meet current and future employer demand and grow a more resilient local economy in the North of Tyne.                                                                          | <b>Amber 9</b>       | Static                     |
| <b>A3 – Innovation in Recovery</b><br>Failure to achieve the planned outcomes, demonstrate impact or be agile and responsive to dynamic circumstances.                                                                                                                                                                                                                                | <b>Amber 8</b>       | Static                     |
| <b>External Opportunity</b>                                                                                                                                                                                                                                                                                                                                                           |                      |                            |
| <b>B1 – Promote Trust and Confidence</b><br>Continuing to develop trust, cohesion and credibility with our partners, engaging effectively with all our stakeholders provides us with the opportunity to strengthen our relationships to ensure the collective understanding and co-production of our delivery plans and meet the objectives of our social, economic and green agenda. | <b>Green 4</b>       | Static                     |
| <b>Organisational Risks</b>                                                                                                                                                                                                                                                                                                                                                           |                      |                            |
| <b>C1 – Business Continuity</b><br>Failure to maintain business continuity in the event of a major disruption to the Combined Authority and its business.                                                                                                                                                                                                                             | <b>Amber 8</b>       | Improving                  |
| <b>C2 – Operational Capacity and Resources</b><br>NTCA is unable to demonstrate to Government, partners and stakeholders, that it has the necessary operational capacity, skills and expertise to successfully deliver its objectives, plans and responsibilities.                                                                                                                    | <b>Amber 8</b>       | Static                     |

| A                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                        | External Risks                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |         |                    |         |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|--------------------|---------|
| <b>1. Net Zero Transition</b>                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |         |                    |         |
| <b>Aim</b>                                                                                                                                                                                                                                                                                                                                                                                              | Ensuring our whole programme supports carbon reduction, clean growth and a new generation of jobs.                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |         |                    |         |
| <b>Risk</b>                                                                                                                                                                                                                                                                                                                                                                                             | Failure to address climate change and environmental implications through North of Tyne investment in line with Local Authority and national net zero targets. Failure to take advantage of and seize the opportunities for green and inclusive growth. |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |         |                    |         |
| <b>Risk Owner</b>                                                                                                                                                                                                                                                                                                                                                                                       | Chief Economist                                                                                                                                                                                                                                        | <b>Risk Priority</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Static | <b>Previous RAG</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Amber 8 | <b>Current RAG</b> | Amber 8 |
| <b>Reason for change/current RAG rating:</b> N/A                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |         |                    |         |
| <b>Issues to be aware of &amp; potential impact</b>                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                        | <b>Existing Controls &amp; Mitigation Plans</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |        | <b>Additional Mitigation Plans</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |         | <b>Review date</b> |         |
| a) The UK Climate Change Act sets a legally binding target to achieve net zero greenhouse gas emissions across the UK economy by 2050 and reduce emissions by 78% by 2035 compared to 1990 levels. The constituent LA's have their carbon reduction targets. The scale of the challenge is enormous, and leadership is key to enabling everyone to play their part in the fight against climate change. |                                                                                                                                                                                                                                                        | <ul style="list-style-type: none"> <li>• Full political commitment and leadership from the Mayor and Cabinet to recognise the climate emergency and NTCA's role in reducing emissions and seizing the opportunities of the green economy.</li> <li>• NTCA's approach learns from and builds on the work already being done in the region. Our work is developed collaboratively with the three constituent Local Authorities and wider regional stakeholders including the North East LEP.</li> <li>• NTCA Corporate Environment Policy and annual report on organisational carbon emissions.</li> <li>• Newcastle City Council, North Tyneside Council and Northumberland County Council all have ambitious carbon reduction targets for their local areas, and all have approved climate emergency plans.</li> <li>• NTCA Energy, Green Growth and Climate Change Blueprint - £28m package of investment up to 2023.</li> <li>• The Low Carbon Working Group (LCWG) is made up of officers from NTCA, the three constituent LAs and the North East LEP and</li> </ul> |        | <ul style="list-style-type: none"> <li>• Development of proposals for the 2023-2028 investment programme will provide an opportunity to continue to focus on green and inclusive economic growth</li> <li>• Regular reviews of delivery programme to ensure alignment with delivery of targets.</li> <li>• Over £20m of investment by NTCA in low carbon economy, including the Green New Deal Fund.</li> <li>• SME decarbonisation project, which will provide support to 120 businesses, in final stages of approval.</li> </ul> |         | March 2023         |         |

|                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |            |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
|                                                                                                                                                                                                                                                                                                                                                                  | meets monthly to discuss climate change and low carbon issues.                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |            |
| b) The impacts of climate change and the green economy covers a wide range of areas. National policy related to climate change can change and be updated regularly.                                                                                                                                                                                              | <ul style="list-style-type: none"> <li>In addition to drawing on the expertise of the regular members of the Low Carbon Working Group (LCWG), NTCA will reach out to experts from other policy areas and attend regional and national events/conferences/webinars.</li> </ul>                                                                                                                                                                                                                              | Existing controls sufficient at time of report.                                                                                                                                                                                                                                                                                                                                                                                                                             | March 2023 |
| c) Climate change is a complex problem and solutions are likely to require significant social as well as technical transformations. This has direct implication for a more inclusive economy. Citizens, businesses and wider stakeholders need to be engaged, supported and at the centre of our response to the climate emergency.                              | <ul style="list-style-type: none"> <li>The North of Tyne Citizens Assembly on Climate Change provided representative citizen engagement and their findings will help shape the development of the NTCA programme.</li> <li>The NTCA programme also covers a broad range of thematic areas, as described further in the September 2021 report to Cabinet.</li> </ul>                                                                                                                                        | <p>Cabinet has agreed to receive regular reports detailing how NTCA intends to work with the three constituent Local Authorities and wider regional stakeholders including the North East LEP and Transport North East to respond to the recommendations of the Citizens' Assembly.</p> <p>NTCA supporting the development of the Net Zero North East proposal, which was successfully launched in December 2022, attracting significant external coverage and support.</p> | March 2023 |
| d) The scale of the challenge and the resources required to deliver local and national long-term carbon reduction targets and green growth ambitions is large, not fully known and requires a national as well as local approach. Attracting investment is essential to enable the North of Tyne to realise the potential and be a world leader in green growth. | <ul style="list-style-type: none"> <li>Collaborative working across the North of Tyne, North East, with other Mayoral Combined Authority's and Government to develop knowledge, share best practice and to collaborate on projects/funding bids.</li> <li>Develop pipelines of projects which are investment ready via programmes such as the Offshore Wind Programme and Energy Accelerator.</li> <li>Work with academic institutions, VCSE sector and businesses to promote opportunities and</li> </ul> | Existing controls sufficient at time of report.                                                                                                                                                                                                                                                                                                                                                                                                                             | March 2023 |

|                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                   |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
|                                                                                                                                                                                                                 | <p>share best practice e.g., Green Economy Summit.</p> <ul style="list-style-type: none"> <li>• NTCA attracted £9m of investment to its Green New Deal Fund</li> </ul>                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                   |
| <p>e) New jobs and new green skills are likely to be increasingly required in all sectors. Therefore, NTCA must understand the projected skills requirements and ensure the necessary provision is in place</p> | <ul style="list-style-type: none"> <li>• Regular reviews of National and Local research to assess skills demand in the Green Economy – and input into the annual update of NTCA Strategic Skills Plan</li> <li>• Collaborative working with LA's, North East LEP to share research and insight into green skills requirements</li> </ul> | <p>NTCA allocated £2m of its Skills for Growth funding to support the development of Green Growth Skills. An open call for projects was launched in October 2021 with an opportunity for a range of organisations and partnerships to come forward with ideas for projects, collaborations and proposals for co-investment in skills interventions that recognise the economic growth opportunity arising from transitioning away from carbon intensive processes, the need for a just transition, and the focus needed on skills to support green and decent jobs. Following the Call four projects were selected to deliver a skills and training offer which meets skills demand in areas such as offshore wind, retrofit and green construction.</p> <p>NTCA secured £5.4m of funding for the delivery of Skills Bootcamps across our region. £1m will support residents to access the growing demand for skills in the Green Economy. A growing proportion of AEB delivery supports Green Skills</p> | <p>March 2023</p> |

|                                                                                                  |                                                                                                                                                               |                                                                                                                                                                                                                            |            |
|--------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
|                                                                                                  |                                                                                                                                                               | with provider incentives to develop sector-based Work Academy Programmes to enhance opportunities for the unemployed to take advantage of the job opportunities that will be created in the transition to a green economy. |            |
| f) Many of the measures required to reduce carbon are not within the Combined Authority's remit. | <ul style="list-style-type: none"> <li>• Work with partners to help make the changes required.</li> <li>• Influence decision makers at all levels.</li> </ul> | Work with business, constituent LAs and North East LEP to develop key messages and policy positions/asks, including through the emerging Net Zero North East proposition                                                   | March 2023 |

| A                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                             | External Risks                                                                                                                                                                                                                                                                                                                                                            |        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |         |                    |         |
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| <b>2. Inclusive Economy</b>                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                           |        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |         |                    |         |
| <b>Aim</b>                                                                                                                                                                                                                      | Ensuring our work is underpinned by people, communities and inclusive economic growth, as well as ensuring inclusive economy thinking and practice is fully embedded across NTCA and our partnerships.                                                                      |                                                                                                                                                                                                                                                                                                                                                                           |        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |         |                    |         |
| <b>Risk</b>                                                                                                                                                                                                                     | Failure to achieve the planned outcomes to reduce inequality and remove barriers to ensure 'good work' and jobs are available to traditionally underserved groups. To meet current and future employer demand and grow a more resilient local economy in the North of Tyne. |                                                                                                                                                                                                                                                                                                                                                                           |        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |         |                    |         |
| <b>Risk Owner</b>                                                                                                                                                                                                               | Head of Inclusive Growth                                                                                                                                                                                                                                                    | <b>Risk Priority</b>                                                                                                                                                                                                                                                                                                                                                      | Static | <b>Previous RAG</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Amber 9 | <b>Current RAG</b> | Amber 9 |
| <b>Reason for change/current RAG rating:</b> N/A                                                                                                                                                                                |                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                           |        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |         |                    |         |
| Issues to be aware of & potential impact                                                                                                                                                                                        |                                                                                                                                                                                                                                                                             | Existing Controls & Mitigation Plans                                                                                                                                                                                                                                                                                                                                      |        | Additional Mitigation Plans                                                                                                                                                                                                                                                                                                                                                                                                                                             |         | Review date        |         |
| a) External factors, primarily COVID-19 recovery, cost of living crisis and Brexit counteract the impacts of the investment NTCA is able to make to reduce inequality and deliver good jobs.                                    |                                                                                                                                                                                                                                                                             | <p>NTCA's new portfolio structure covers Education, Inclusion and Skills, as well as Social Economy and Communities.</p> <p>Inclusive economy is a cross-cutting theme within the Corporate Plan 2021 and is supported by the advisory NTCA Inclusive Economy Board (IEB).</p> <p>Significant breadth and depth of IE projects and programmes now into delivery mode.</p> |        | <p>Wider promotion of the concepts of economic inclusion via:</p> <ul style="list-style-type: none"> <li>National networks and influencing e.g., M10 (the 10 directly elected Mayors in England), Comprehensive Spending Review (CSR) Submission</li> <li>Locally good relationships with our provider base to enable agility in reaction to further economic shocks</li> <li>Peer-learning and support e.g., national, Independent Inclusive Growth Network</li> </ul> |         | March 2023         |         |
| b) Reducing inequality is a key commitment made by the NTCA. However, many challenges around poverty and inequality are structural and have national or international drivers. These are beyond the scope of NTCA to influence. |                                                                                                                                                                                                                                                                             | <p>NTCA's Inclusive Economy Policy Statement and Equalities Objectives provide a clear statement of our organisational commitment to a more inclusive economy with an emphasis on reducing poverty and inequality and promoting equity and cohesion.</p>                                                                                                                  |        | <p>Extension of the Inclusive Economy Innovation Fund beyond 2023</p>                                                                                                                                                                                                                                                                                                                                                                                                   |         | March 2023         |         |

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|                                                                                                                                                                                                                                                                                                                                                                              | Inclusive economy is a cross-cutting theme in the Corporate Plan driven forward by the Inclusive Economy Board.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |            |
| c) To support NTCA's corporate plan we require a skills infrastructure that is fully aware of, and responsive to the sectors that have labour and skills shortages. The need to ensure our residents have the right skills to get a good job and progress in work, and employers have access to an adaptable, resilient and skilled local workforce, has never been greater. | <p>NTCA Strategic Skills Plan has been updated in 2021 reflecting the area's skills needs for an inclusive economic recovery.</p> <p>Working with the devolved Adult Education Budget (AEB) provider base, to ensure delivery plans are aligned to labour market demand and skills shortages.</p> <p>Monitoring devolved AEB participation data to ensure provision is accessible to a broader range of under-represented groups.</p> <p>Monitoring the volume of provision and funding utilised by providers to address barriers to employment, including improving attainment in basic English, Maths and Digital.</p> <p>Launching the employer led Skills for Growth funding to enable employers to upskill and reskill their employees for the jobs and roles of the future.</p> | <p>Ongoing dialogue with Government, NTCA adult education providers and employers to ensure delivery continues to meet area skills needs.</p> <p>Utilising in year funding flexibilities to ensure AEB funding is flexible and responsive to labour market changes.</p> <p>An additional £5.2m has been secured for Skills Bootcamps to deliver employment related training in Key Sectors across NTCA – Funding will be procured during April 2022 with delivery expected by June 2022. Delivery of Skills Bootcamps is underway from July 2022 and is being monitored to ensure that provision is responsive to sectors that have labour and skills shortages.</p> | March 2023 |
| d) Continuity of funded provision for NTCA residents is at risk if providers and grant-recipients across skills, employability and wider interventions become financially unstable.                                                                                                                                                                                          | <p>Adult Education Budget - The launch of the 2021-2023 Strategic Skills Plan will ensure updates can be implemented quickly to ensure its ongoing relevance during the pandemic and into recovery.</p> <p>Employability and Wider Skills Interventions - Inclusive growth team's strategic framing includes DWP Employment Support Framework,</p>                                                                                                                                                                                                                                                                                                                                                                                                                                    | Continued engagement with NTCA AEB providers, via provider roundtables and quarterly one to one performance monitoring meetings identifying the impacts of Covid-19 and informing the direction, priorities and allocations for the NTCA AEB providers                                                                                                                                                                                                                                                                                                                                                                                                               | March 2023 |

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|                                                                                                                                                       | <p>Inclusive Economy Policy Statement, Inclusive Economy Board (governance) which work together to manage, mitigate, and react to risks.</p>                                                                                  | <p>Informing the plan for the immediate impact of Covid-19 and medium/long term mitigation planning.</p> <p>Continued engagement with recipients of funding and wider stakeholders such as sector representative organisations, central government departments and local authority partners.</p> <p>Key priorities set out in the Strategic Skills Plan include supporting residents of all ages, including those in work to develop their skills to progress into better jobs. We also aim to extend the reach of learning opportunities to a broader range of underrepresented groups.</p> <p>Launch of Post 16 Skills Flexible Procurement Framework to secure continuity of funding for providers from AY2023-2024 to AY 2026-2027.</p> <p>Supporting CRF applications for Skills and Employability interventions to prevent the 'cliff edge' of European Social Fund funding ceasing.</p> |                   |
| <p>e) National and local conditions e.g., economic instability limit NTCA's ability to promote and drive good jobs and local economic resilience.</p> | <p>The Investment Fund Business case includes a strengthened inclusive economy case, co-designed by the Programme Management Office and Inclusive Economy Team, to monitor, measure and assess Inclusive Economy impacts.</p> | <p>NTCA has developed an anchor network proposition to encourage large institutions across all sectors to support local economic resilience. First meeting of key stakeholders held and next steps agreed.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <p>March 2023</p> |

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|                                                                                                                                                                                        | <p>Our Good Work Pledge promotes the value of good work, which is well-paid and secure, and drives positive change across the area’s employers at all sizes and scales – 50 organisations accredited as at March 2022 with an expected 150 by March 2023.</p>                                                                            | <p>Leadership on key priorities is distributed across partners improving resilience and reducing reliance on one lead organisation to deliver.</p>                                                                                           |                   |
| <p>f) NTCA does not sufficiently fulfil its commitment to co-production and co-design by creating projects and programmes which are effective for local communities and residents.</p> | <p>NTCA co-design and co-production strategy includes activities and mechanisms to make sure residents can contribute directly to our work and plans e.g., through our Poverty Truth Commission and forthcoming equalities assembly.<br/>This is supported by our VCSE Accord with the voluntary sector, and our Mayoral Ambassador.</p> | <p>Organisation-wide commitment to co-design and co-production with active investment in tools and platforms to get direct input and views from residents and businesses (commonplace; power to change social economy call for evidence)</p> | <p>March 2023</p> |

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| <b>A</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>External Risks</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |               |                                                                                                                           |                |                    |                |
| <b>3. Innovation in Recovery</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |               |                                                                                                                           |                |                    |                |
| <b>Aim</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | To ensure that our businesses, people and places can adapt, recover and thrive post coronavirus pandemic and that outcomes of NTCA investment are seen to clearly and directly contribute to this success. Overall, ensuring the NTCA area is attractive to residents, businesses and visitors as a result of a thriving economy, green credentials, exceptional quality of life and improved opportunities for all. |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |               |                                                                                                                           |                |                    |                |
| <b>Risk</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Failure to achieve the planned outcomes, demonstrate impact or be agile and responsive to dynamic circumstances.                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |               |                                                                                                                           |                |                    |                |
| <b>Risk Owner</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Chief Economist                                                                                                                                                                                                                                                                                                                                                                                                      | <b>Risk Priority</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>Static</b> | <b>Previous RAG</b>                                                                                                       | <b>Amber 8</b> | <b>Current RAG</b> | <b>Amber 8</b> |
| <b>Reason for current RAG rating:</b><br>While there remain significant uncertainties in the external environment that are impacting on the pace and shape of the economic recovery, the NTCA's ability to demonstrate meaningful impact on recovery and innovation is steadily maturing. Recent developments in this respect are progress made on the stakeholder surveys and gateway review process, implementation of the NTCA's investment plan priorities, and the steady increase in reporting of outputs and outcomes from early investments and projects which are now fully implemented. Overall, our judgement is that despite the organisation's progress in delivery and mitigation, on balance this risk remains Amber due to wider external factors – including the cost-of-living crisis and concerns about current economic slowdown. |                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |               |                                                                                                                           |                |                    |                |
| <b>Issues to be aware of &amp; potential impact</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>Existing Controls &amp; Mitigation Plans</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |               | <b>Additional Mitigation Plans</b>                                                                                        |                | <b>Review date</b> |                |
| a) NTCA must respond to major economic shocks – and the pace of change externally.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                      | <p>Regular updates are provided to NTCA Cabinet on the current economic context and implications for the NTCA's activities.</p> <p>Significant stakeholder networks ensure NTCA is tuned in to the external environment and the major economic trends.</p> <p>Clear processes and delegations provide opportunities to bring forward activity at pace – should the context demand it.</p> <p>Good relationships with NTCA grant recipients allow for activity to be refocussed and re-prioritised to meet external demands – if required</p> |               | NTCA business and assurance framework processes are reviewed regularly to ensure maximum agility and fitness for purpose. |                | March 2023         |                |

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| <p>b) NTCA must be able to clearly articulate policy priorities and how they deliver improved Innovation and recovery: this is included as a part of the 5-year Gateway Review.</p>                                                                                          | <p>NTCA policy priorities are drawn from NTCA's Devolution Deal, the Mayor's Manifesto, and the subsequent strategic direction agreed by our Cabinet through subsequent decisions. The evaluation framework provides a systematic way that the investments made by NTCA are assessed in terms of effectiveness and value for money, but also that we can learn, adapt and improve the way that we work in a changing environment.</p> <p>Through the strategic and economic cases within the Green Book process all projects are required to clearly articulate their rationale which includes fit with NTCA objectives, contribution to headline devolution deal targets and the relevant NTCA output indicators that will be used to monitor this through the QMR process.</p> | <p>The Programme Management Office (PMO) monitor all projects on a quarterly basis – following Standard Operating Procedures and NTCAs agreed output indicators.</p> <p>NTCAs investment plan and individual projects are aligned to the delivery of the corporate plan – giving a clear line of sight from priorities, investment decisions and impact.</p> <p>An evaluation framework to capture our achievements and learning has been approved and is supported by the introduction of a programme management system which will improve programme management and monitoring, streamlining the interface with delivery organisations for claims and output reporting. This evaluation framework is being shared with Government, as part of the process leading up to the Investment Fund Gateway Review.</p> | <p>March 2023</p> |
| <p>c) The level of funding required may be beyond NTCA resources, and there is uncertainty associated with bidding for additional resources – which has both internal capacity risks and a need to be able to clearly demonstrate a track record in delivery and impact.</p> | <p>Senior Management Team (SMT) regularly review organisational capacity requirements and upcoming activity through the situation reporting process. NTCA collaborations with key officers within its constituent authorities ensures expertise is available when required. External consultancy budgets can be utilised to provide short term capacity for specific pieces of work.</p>                                                                                                                                                                                                                                                                                                                                                                                         | <p>NTCA is leading early engagement with stakeholders to understand changes in the European Structural Investment Funds (ESIF) funding landscape in advance of UK Shared Prosperity Fund and changes to other key government funding streams as a result of the Comprehensive Spending Review. This will inform the future capacity requirements and ways of working once government direction of travel becomes clear.</p>                                                                                                                                                                                                                                                                                                                                                                                      | <p>March 2023</p> |

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| <p>d) Ability of NTCA to demonstrate clear targets and outcomes at all levels (organisational, theme, programme, project) and to have the ability and capacity to monitor them.</p>                                                                                     | <p>NTCAs Monitoring and Evaluation Framework demonstrates:</p> <ul style="list-style-type: none"> <li>• How our priorities, mission and values translate into mechanisms for delivery</li> <li>• How these mechanisms create value; and</li> <li>• How we understand, measure and learn from the impact that we are making.</li> </ul> <p>NTCAs Assurance Framework and Green Book Business case process ensures projects are robustly developed and well-articulated and appraised in line with accepted conventions and best practice.</p> <p>Officer and Cabinet member scrutiny through the Technical Officer Group (TOG) and Investment Panel provides robust challenge and assurance.</p> <p>Projects are monitored through standard operating procedures by the PMO with agreed thresholds for escalation of performance issues to Investment Panel.</p> | <p>Monthly SitReps (situation reports) provide regular updates to managers and directors on all of the NTCAs key workstreams – which are reviewed, and areas of concern are picked up directly with lead officers.</p> <p>Project evaluations are undertaken where there is an identified need. The findings of these feed into overall programme design.</p> | <p>March 2023</p> |
| <p>e) National or international economic downturns or the medium-longer term impact of Covid-19 on businesses and employment could have significant implications for the perceivable impact of NTCA innovation and growth investments, using official data sources.</p> | <p>Investment Fund Programme has been re-orientated to support recovery in the NTCA area, including through the Innovation Recovery Fund and measures to support the Kickstart programme of Youth unemployment – which provides a direct relevance to the specific needs of the economy during lockdown and recovery.</p> <p>Real life case studies are collected across a range of NTCA projects which provide a library of contemporary accounts of how the interventions have added value.</p>                                                                                                                                                                                                                                                                                                                                                               | <p>Existing controls sufficient at time of report.</p>                                                                                                                                                                                                                                                                                                        | <p>March 2023</p> |

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|                                                                                                                                                                                                                                               | Impact can be evidenced through a number of metrics for which NTCA collects its own data and evidence – e.g., investment made, jobs created, and outputs achieved.                                                                                                                                                                                         |                                                                                                                                                                                                                                                     |            |
| f) It is important that all communities benefit from economic growth; Inclusive Economy thinking, and practice has an important role in shaping innovation in recovery from pandemic and other economic challenges e.g. cost of living crisis | <p>Inclusive economy is a cross-cutting theme within the Corporate Plan 2021 and is supported by NTCA Inclusive Economy Advisory Board.</p> <p>The PMO is leading work to ensure inclusive economy outcomes and impacts are captured throughout the investment life cycle (business case, delivery, reporting and insight, Investment Fund evaluation)</p> | <p>New portfolio structure brings together Education, Inclusion and Skills. Social Economy and Communities bridges economic growth and inclusive economy work.</p> <p>NTCA equality objectives for 2021-25 shape policy, practice and learning.</p> | March 2023 |

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| <b>B</b>                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                           | <b>External Opportunity</b> |               |                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                |                    |                    |
| <b>1. Promote Trust and Confidence</b>                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                           |                             |               |                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                |                    |                    |
| <b>Aim</b>                                                                                                                                                                                                                                                                                                                                                                                                    | Supporting a system response to complex challenges and collaborating strongly in everything we do with our local, national and cross-sector partners.                                                                                                                                                                                     |                             |               |                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                |                    |                    |
| <b>Opportunity</b>                                                                                                                                                                                                                                                                                                                                                                                            | Continuing to develop trust, cohesion and credibility with our partners, engaging effectively with all our stakeholders provides us with the opportunity to strengthen our relationships to ensure the collective understanding and co-production of our delivery plans and meet the objectives of our social, economic and green agenda. |                             |               |                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                |                    |                    |
| <b>Opportunity Owner(s)</b>                                                                                                                                                                                                                                                                                                                                                                                   | Managing Director/<br>Director of Policy and Performance                                                                                                                                                                                                                                                                                  | <b>Opportunity Priority</b> | <b>Static</b> | <b>Previous RAG</b>                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>Amber 9</b> | <b>Current RAG</b> | <b>Green 4</b>     |
| <b>Reason for change/current RAG rating:</b><br>This opportunity is moving in a positive direction of travel. Partners and stakeholders have been key to the development of the Authority's values. The launch of the Customer Relationship Management system will further strengthen relationships with partners and stakeholders - ensuring the successful delivery of the Authority's aims and objectives. |                                                                                                                                                                                                                                                                                                                                           |                             |               |                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                |                    |                    |
| <b>Benefits</b>                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                           |                             |               |                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                |                    |                    |
| <ul style="list-style-type: none"> <li>Collective understanding of the Authority's aims and ambitions to encourage the co-production of our delivery plans.</li> <li>Encourage a more participatory approach to risk which is built on trust and transparency which encourages everyone to share their uncertainties and challenges and work together to resolve them</li> </ul>                              |                                                                                                                                                                                                                                                                                                                                           |                             |               |                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                |                    |                    |
| <b>Barriers</b>                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                           |                             |               |                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                |                    |                    |
| <ul style="list-style-type: none"> <li>Failure to maintain trust, cohesion and credibility with and between local NTCA system and partners</li> <li>Failure to develop trust, cohesion and credibility with those organisations who contribute to the achievement of our objectives who we don't currently engage with</li> </ul>                                                                             |                                                                                                                                                                                                                                                                                                                                           |                             |               |                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                |                    |                    |
| <b>Strategies to enhance the opportunity</b>                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                           |                             |               | <b>Action Taken</b>                                                                                                                                                                                                                                                                                                                                                                                                                                    |                |                    | <b>Review date</b> |
| a) Encourage inclusive dialogue with our partners and stakeholders                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                           |                             |               | We have worked with Cabinet and wider partners and stakeholders to develop a clear set of values by which we work: <ul style="list-style-type: none"> <li>Driven by our mission</li> <li>Collaborative by design</li> <li>Innovative and agile in delivery</li> <li>Inclusive and aware</li> <li>Showing leadership</li> </ul> The evidence for this is in our policies and supported by our team values and behaviours - demonstrating collaboration, |                |                    | March 2023         |

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|                                                                                                                                                                                                 | <p>taking ownership, being curious, empathetic, respectful, and in the strong focus on inclusion within our programme.</p> <p>NTCA priorities, projects and performance are regularly communicated externally – including through Cabinet reports and the Corporate Plan.</p>                                                                                                                                                                                                                                                      |            |
| b) Identify those organisations who we don't currently engage with to communicate our vision and purpose – offering support                                                                     | Customer Relationship Management System (CRM) is now being implemented in 3 key areas of the organisation by April 2022 which will streamline our communications and enable better targeting.                                                                                                                                                                                                                                                                                                                                      | March 2023 |
| c) Continued engagement with AEB providers, employers and stakeholders in the North of Tyne area to ensure a collaborative approach to aligning adult skills to deliver the Authority's vision. | Published documents which enable the alignment:<br>NTCA Strategic Skills Plan<br>NTCA Corporate Plan<br>NTCA Inclusive Economy Policy Statement                                                                                                                                                                                                                                                                                                                                                                                    | Complete   |
| d) VCSE Ambassador appointed to engage with the VCS (Voluntary and Community Sector).                                                                                                           | <p>VCSE (Voluntary, Community and Social Enterprise) Accord - how the NTCA can add value to the work of our local government partners with the VCSE to build capacity, sustainability and be a catalyst for an inclusive economy.</p> <p>The VCSE Stakeholder Engagement Group Annual Report 2021/22 outlines the achievements and progress over the past twelve months. The Group will use its first meeting in March 2022 to take stock and build on the achievements and effective collaborations of 2021</p>                   | March 2023 |
| e) Continued engagement with regular meetings and consultation with the business community                                                                                                      | <p>Frequent engagement with individual businesses and business representative organisations by officers and the Mayor.</p> <p>NTCA Inclusive Economy Board with member representation from the public, private and voluntary sector, including constituent LA's and North East LEP.</p> <p>The Inclusive Economy Board Annual Report 2021/22 outlines its achievements and progress over the past 12 months. The Board will focus on the implications of the Levelling Up White Paper and what it means for the North of Tyne.</p> | March 2023 |

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|                                                                                                                                                                                                                   | <p>NTCA Housing and Land Board membership. The Housing and Land Board Annual Report 2021/22 outlines its achievements over the past 12 months. Over the next year the Board will focus on delivery; ensuring that priorities identified are progressing toward development and that working relationships continue to add value.</p> <p>NTCA collaborates strongly in everything it does with local, national and cross-sector partners. The evidence for this is in the number of partnerships that have grown and been curated within the region and beyond.</p>                          |            |
| f) Use of an agreed Assurance Process to ensure that the NTCA only funds high quality projects and through the development of the Investment Fund Evaluation Framework to improve our learning and understanding. | <p>Assurance Process includes internal project analysis, full appraisal (external for largest projects) and technical and political scrutiny.</p> <p>An evaluation framework to capture NTCA's achievements has been approved and is supported by the introduction of a programme management system which will improve programme management and monitoring, streamlining the interface with delivery organisations for claims and output reporting. This evaluation framework is being shared with Government, as part of the process leading up to the Investment Fund Gateway Review.</p> | March 2023 |
| g) Customer Relationship Management (CRM) system                                                                                                                                                                  | A CRM system is now implements in 3 key areas of the organisation the Good Work Pledge, Kickstart and Mayor's Office. The system will streamline our communications and enable better targeting.                                                                                                                                                                                                                                                                                                                                                                                            | March 2023 |
| h) We continue to utilise existing expertise in our constituent authorities                                                                                                                                       | Extensive engagement and involvement of LA colleagues, at all levels, across the organisation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | March 2023 |

| C Organisational Risks                                                                                                                                                                                                                                                                |                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                      |           |                                                                                  |                |                    |                |
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| <b>1. Business Continuity</b>                                                                                                                                                                                                                                                         |                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                      |           |                                                                                  |                |                    |                |
| <b>Aim</b>                                                                                                                                                                                                                                                                            | To ensure the corporate core of NTCA provides the necessary policies, procedures and plans to enable the Authority to carry out its work efficiently and effectively in all circumstances. |                                                                                                                                                                                                                                                                                                      |           |                                                                                  |                |                    |                |
| <b>Risk</b>                                                                                                                                                                                                                                                                           | Failure to maintain business continuity in the event of a major disruption to the Combined Authority and its business.                                                                     |                                                                                                                                                                                                                                                                                                      |           |                                                                                  |                |                    |                |
| <b>Risk Owner</b>                                                                                                                                                                                                                                                                     | Director of Policy and Performance                                                                                                                                                         | <b>Risk Priority</b>                                                                                                                                                                                                                                                                                 | Improving | <b>Previous RAG</b>                                                              | <b>Amber 8</b> | <b>Current RAG</b> | <b>Amber 8</b> |
| <b>Reason for change/current RAG rating:</b><br>Risk was moving towards green as all existing controls and mitigation plans were delivering as expected however RAG retained at Amber 8 due to NTCA's BCP being reviewed by Internal Audit with recommendations for improvement made. |                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                      |           |                                                                                  |                |                    |                |
| <b>Issues to be aware of &amp; potential impact</b>                                                                                                                                                                                                                                   |                                                                                                                                                                                            | <b>Existing Controls &amp; Mitigation Plans</b>                                                                                                                                                                                                                                                      |           | <b>Additional Mitigation Plans</b>                                               |                | <b>Review date</b> |                |
| a) Organisational arrangements are insufficient to deter, detect and prevent unauthorised access to ICT systems and to respond effectively as and when breaches do occur.                                                                                                             |                                                                                                                                                                                            | Compulsory IT and data protection training modules for new starters and regular refreshers for existing staff.<br><br>ICT SLA with Newcastle City Council.<br><br>Monitoring is undertaken of training completion with escalation to senior management where not completed. Good compliance to date. |           | SLAs reviewed to understand expectations of business and those of ICT Newcastle. |                | March 2023         |                |
| b) Organisational arrangements need to be flexible enough to enable NTCA to adjust from usual office working to home working quickly and efficiently without causing delays to decisions and delivery.                                                                                |                                                                                                                                                                                            | A COVID-19 Contingency Plan has been in place since March 2020 and worked well. Delegations and urgent decisions procedures robust and understood. All NTCA staff can work from home for a sustained period of time if necessary                                                                     |           | Constituent authorities can provide ad hoc space for individuals if required.    |                | March 2023         |                |
| c) There should be no single point of failure in the organisation in case of unexpected leave or resignation.                                                                                                                                                                         |                                                                                                                                                                                            | Organisational Development Strategy in place to develop existing staff and encourage internal progression.<br>No working files stored only on individuals' computers, all are saved in a folder                                                                                                      |           | Existing controls sufficient at time of report.                                  |                | March 2023         |                |

|                                                                                                                                                                                    |                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                       |            |
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|                                                                                                                                                                                    | <p>accessible to at least the team if not the whole organisation.</p> <p>Induction and leaving processes to reiterate this policy.</p> <p>Regular team meetings (small work teams, service team and full staff meetings) to update each other on work and progress.</p> |                                                                                                                                                                                                                                                                                                       |            |
| d) In the event of a major incident does NTCA have an agreed senior management protocol and incident command structure?                                                            | Business Continuity Plan (BCP) – the formulation of a full BCP to reflect the new office location at the Lumen and hybrid working is underway.                                                                                                                          | Internal Audit reviewed the BCP in August 2022 and recommended that a formal business impact analysis process needed to be developed further and the BCP itself strengthened including processes for testing and staff training. These recommendations have all been accepted and are being actioned. | March 2023 |
| e) Do Service Level Agreements (SLAs) have sufficient controls/reference to BCP to ensure NTCA is kept informed/aware of action to be taken should something happen to a provider. | SLAs (e.g., HR, Democratic Services, Procurement, ICT) reflect expectations of the local authority and NTCA, should a service be unable to deliver. Meetings for new SLA's in calendars and this will be included as part of the discussions.                           |                                                                                                                                                                                                                                                                                                       | April 2023 |

| C Organisational Risks                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |        |                                                                                                                                                                                                                                                                                                                                                                                                    |         |                    |         |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|--------------------|---------|
| <b>2. Operational Capacity and Resources</b>                                                                                                                                                                                                                                 |                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |        |                                                                                                                                                                                                                                                                                                                                                                                                    |         |                    |         |
| <b>Aim</b>                                                                                                                                                                                                                                                                   | Innovative and agile in delivery - proactively looking for new ways of working, delivering, and ensuring we add value, learn and adapt in a constantly changing context.                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |        |                                                                                                                                                                                                                                                                                                                                                                                                    |         |                    |         |
| <b>Risk</b>                                                                                                                                                                                                                                                                  | NTCA is unable to demonstrate to Government, partners and stakeholders, that it has the necessary operational capacity, skills and expertise to successfully deliver its objectives, plans and responsibilities. |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |        |                                                                                                                                                                                                                                                                                                                                                                                                    |         |                    |         |
| <b>Risk Owner(s)</b>                                                                                                                                                                                                                                                         | NTCA Senior Management Team                                                                                                                                                                                      | <b>Risk Priority</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Static | <b>Previous RAG</b>                                                                                                                                                                                                                                                                                                                                                                                | Amber 8 | <b>Current RAG</b> | Amber 8 |
| <b>Reason for change/current RAG rating:</b><br>Remaining at Amber as there are some challenges nationally in the recruitment market and NTCA may have to sit with some vacancies to new positions which could impact on delivery and review of business processing ongoing. |                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |        |                                                                                                                                                                                                                                                                                                                                                                                                    |         |                    |         |
| <b>Issues to be aware of &amp; potential impact</b>                                                                                                                                                                                                                          |                                                                                                                                                                                                                  | <b>Existing Controls &amp; Mitigation Plans</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |        | <b>Additional Mitigation Plans</b>                                                                                                                                                                                                                                                                                                                                                                 |         | <b>Review date</b> |         |
| <p>Existing resources do not fully align with NTCA's policy intentions which may impact upon delivery of the Authority's strategic priorities.</p>                                                                                                                           |                                                                                                                                                                                                                  | <p>The Corporate Plan sets out the work programme to be achieved across the organisation providing visibility and clarity of expectations to all staff.</p> <p>A structured exercise has been undertaken to develop resource plans, gauge capacity and clarity with assigned roles and responsibilities to facilitate the effective operation of the Authority. A work programme has been developed for officer use and is referenced in all appraisals.</p> <p>Weekly SMT meetings and monthly SMT Strategy meetings provide a regular touchpoint for SMT to raise and discuss resource issues</p> <p>The North East LEP operational capacity and resourcing risk is a significant risk to the LEP but will not impact upon the Authority's capacity and resources risk.</p> |        | <p>A resource planning exercise was undertaken and recruitment to new roles commenced. Wider/paid for recruitment campaigns considered for certain positions.</p> <p>SitReps and work programmes are updated by all teams monthly, approved by Heads of Service and submitted to Chief Executive/Director, enabling an assessment of progress and the ability to flag issues/areas of concern.</p> |         | January 2023       |         |

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|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| <p>b) NTCA is a prototyping, learning organisation in which there will be 'failures' but the team will learn from them.</p>                                                                                                                                                                              | <p>Covid planning is an example of how well the organisation worked during a crisis situation and learning from this will be built into future Business Continuity Planning.</p>                              | <p>Review of business processes still ongoing as now includes a review of the Assurance Framework. New process expected to be in place in new year.</p>                                                                                                                                                                                                                                           | <p>January 2023</p>  |
| <p>c) CIPFA<br/>d) Financial Management Code – Non-compliance with the Code could lead to ill-informed decision making which could adversely impact on the Authority's financial sustainability.</p>                                                                                                     | <p>In preparation for the first full year of compliance with the Code (2021/22) the Authority has undertaken a self-assessment to measure its compliance with the FM Code.</p>                                | <p>Monitoring of the Authority's compliance with the Code is included in the 2021/22 AGS as an area requiring improvement. Implementation of the actions to ensure full compliance with the Code will be monitored by SMT and regularly by Audit and Standards Committee as part of the AGS review process.</p>                                                                                   | <p>December 2022</p> |
| <p>e) NTCA is a very lean organisation with staff operating to a very high level. There is a nationwide recruitment shortage and NTCA may be unable to undertake new funding opportunities if unable to recruit officers to undertake the work as employee well-being is important to the Authority.</p> | <p>The Authority has a good retention rate and provides employees with a range of development opportunities.</p> <p>Agile Working Policy in place to support employees maintain a good work/life balance.</p> | <p>Internal promotion of benefits (e.g. salary sacrifice schemes for purchase of bikes, cars and electronic goods, agile working) available to NTCA employees and implementation of exit interviews to identify any issues.</p> <p>A resource planning exercise was undertaken and recruitment to new roles commenced. Wider/paid for recruitment campaigns considered for certain positions.</p> | <p>January 2023</p>  |

**North East Local Enterprise Partnership – Strategic Risks**

**‘Risks at a glance’**

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Risk Priority  | Direction of Travel |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|---------------------|
| <b>Strategic Risks</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>RAG</b>     |                     |
| <b>External Risks</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                |                     |
| <b>A1 – Macro pressures</b><br>Residents, businesses and organisations continue to navigate their way through an uncertain time caused by significant macro pressures which are having an impact across the North East. The impact of and planning for the cost-of-living crisis, rising energy cost, inflation, supply chain pressures and government policies are having a major impact on some businesses’ being able to start, survive and / or scale. In addition, the regional economic legacy from the impact of the pandemic on our businesses and workforce remains as we gradually make the journey back to pre-pandemic levels of employment. All of which risks regional economic recovery and impacts on the region’s ability to optimise its assets and key sectors. | <b>Red 16</b>  | Static              |
| <b>A2 – Funding</b><br>Without a clear picture of the UK’s funding landscape for economic development and regeneration, the development and delivery of strategic projects to boost economic growth outlined in the North East’s Strategic Economic Plan are at risk of not being funded.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>Red 12</b>  | Static              |
| <b>A3 – Policy impact</b><br>There is not clarity from government on how the levelling up commitment will be achieved and delivered in the North East to support the economic equity agenda with the rest of the UK, as well as within the diverse neighbourhoods in the region.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>Red 12</b>  | Static              |
| <b>Operational Risks</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                |                     |
| <b>B1 – Funding</b><br>All funding sources relating to staff resourcing, the core operational budget, Growth Hub budget and project delivery are time limited and are not sufficient to allow the Local Enterprise Partnership (LEP) to effectively plan for the medium term.<br>In addition, the allocation of funding by central government for regional economic development activity is through five different decision makers rather than a single region-wide allocating source, which risks the continuation of consistent region-wide programme delivery leading to uncoordinated and postcode style delivery.                                                                                                                                                             | <b>Red 16</b>  | Static              |
| <b>B2 – LEP transition following national LEP Review</b><br>Following the national LEP Review the government has stipulated that all LEPs will move into a local democratic institution. The North East LEP will transition into a new mayoral combined authority alongside other regional organisations. This is creating an uncertain period over next 2 years for employees, There is a risk that we lose regional expertise and capacity resulting in an inability to delivering elements of the LEP service and effectively coordinating the delivery                                                                                                                                                                                                                         | <b>Amber 9</b> | Static              |

|                                                                                 |  |  |
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| of the Strategic Economic Plan and other region-wide programmes and strategies. |  |  |
|                                                                                 |  |  |

| A                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | External Risks       |        |                                                                                                            |        |                    |        |
|-------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|--------|------------------------------------------------------------------------------------------------------------|--------|--------------------|--------|
| <b>1. Macro pressures</b>                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                      |        |                                                                                                            |        |                    |        |
| <b>Aim</b>                                                                                                        | To provide support along with our partners during significant macro pressures currently facing businesses at a time of uncertainty.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                      |        |                                                                                                            |        |                    |        |
| <b>Risk</b>                                                                                                       | Residents, businesses and organisations continue to navigate their way through an uncertain time caused by significant macro pressures which are having an impact across the North East. The impact of and planning for the cost-of-living crisis, rising energy cost, inflation, supply chain pressures and government policies are having a major impact on some businesses' being able to start, survive and / or scale. In addition, the regional economic legacy from the impact of the pandemic on our businesses and workforce remains as we gradually make the journey back to pre-pandemic levels of employment. All of which risks regional economic recovery and impacts on the region's ability to optimise its assets and key sectors. |                      |        |                                                                                                            |        |                    |        |
| <b>Risk Owner</b>                                                                                                 | Chief Executive                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>Risk Priority</b> | Static | <b>Previous RAG</b>                                                                                        | Red 16 | <b>Current RAG</b> | Red 16 |
| <b>Reason for change/current RAG rating:</b> N/A                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                      |        |                                                                                                            |        |                    |        |
| <b>Issues to be aware of &amp; potential impact</b>                                                               | <b>Existing Controls &amp; Mitigation Plans</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                      |        | <b>Additional Mitigation Plans</b>                                                                         |        | <b>Review date</b> |        |
| Business start-up, survival and scale ups being stalled due to rising energy costs, cost of living and inflation. | <ul style="list-style-type: none"> <li>A cost of living toolkit has been developed on the North East Growth Hub which brings together the latest information on reducing costs within a business – from cutting energy bills to accessing government support.</li> <li>The Growth Hub Connectors provide a role to offer free, impartial advice to help organisations succeed, including the offer of a match with a business mentor and be able to connect organisations with other North East Business owners to provider support</li> </ul>                                                                                                                                                                                                      |                      |        | Our Economy 2022 was held on 15 November 2022 which focused on economic prosperity and the cost of living. |        | September 2023     |        |

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| <b>A</b>                                                                                                                                                                                    | <b>External Risks</b>                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |        |                     |                                                                                          |                    |                    |
| <b>2. Funding</b>                                                                                                                                                                           |                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |        |                     |                                                                                          |                    |                    |
| <b>Aim</b>                                                                                                                                                                                  | To support the region in achieving significant investment to work with partners on the delivery of strategic projects.                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |        |                     |                                                                                          |                    |                    |
| <b>Risk</b>                                                                                                                                                                                 | Without a clear picture of the UK's funding landscape for economic development and regeneration, the development and delivery of strategic projects to boost economic growth outlined in the North East's Strategic Economic Plan are at risk of not being funded. |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |        |                     |                                                                                          |                    |                    |
| <b>Risk Owner</b>                                                                                                                                                                           | Chief Executive                                                                                                                                                                                                                                                    | <b>Risk Priority</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Static | <b>Previous RAG</b> | <b>Red 12</b>                                                                            | <b>Current RAG</b> | <b>Red 12</b>      |
| <b>Reason for change/current RAG rating:</b> N/A                                                                                                                                            |                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |        |                     |                                                                                          |                    |                    |
| <b>Issues to be aware of &amp; potential impact</b>                                                                                                                                         |                                                                                                                                                                                                                                                                    | <b>Existing Controls &amp; Mitigation Plans</b>                                                                                                                                                                                                                                                                                                                                                                                                                                            |        |                     | <b>Additional Mitigation Plans</b>                                                       |                    | <b>Review date</b> |
| Lack of funding to deliver the North East Strategic Economic Plan from public and private sources                                                                                           |                                                                                                                                                                                                                                                                    | <ul style="list-style-type: none"> <li>Working with partners including the LA7 to inform and support the delivery of regionally significant projects using funding we have available.</li> <li>The LEP is working with key government stakeholders and other partners to influence policy and funding thinking.</li> <li>To continue to lead the work with partners of the regional access to finance work to ensure future programmes meet the needs of North East Businesses.</li> </ul> |        |                     | Continue to work with government and key partners to influence emerging policy thinking. |                    | September 2023     |
| Increased borrowing costs impacting on current Enterprise Zone financial model raising a financial risk with the local authorities                                                          |                                                                                                                                                                                                                                                                    | <ul style="list-style-type: none"> <li>Monitoring increases in interest rate that have taken place since 16 December 2021</li> </ul>                                                                                                                                                                                                                                                                                                                                                       |        |                     |                                                                                          |                    | September 2023     |
| The North East Fund Limited (NEF) ends the investment cycle in 2023 and the successor fund is being delayed, as the Northern Powerhouse Investment Fund (NPIF2) will not launch until 2024. |                                                                                                                                                                                                                                                                    | <ul style="list-style-type: none"> <li>Working with access to finance regional colleagues to extend the NEF and map and gap future needs.</li> <li>Awaiting engagement with the British Business Bank to inform the NPIF2</li> </ul>                                                                                                                                                                                                                                                       |        |                     |                                                                                          |                    | September 2023     |

| A                                                                                                                                                           |                                                                                                                                                                                                                                                     | External Risks                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |        |                     |                                                                                                                                                                                   |                    |                    |
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| <b>3. Policy impact</b>                                                                                                                                     |                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |        |                     |                                                                                                                                                                                   |                    |                    |
| <b>Aim</b>                                                                                                                                                  | To influence any emerging key thinking on policy changes and provide a collaborative approach with our partners to any emerging changes from government.                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |        |                     |                                                                                                                                                                                   |                    |                    |
| <b>Risk</b>                                                                                                                                                 | There is not clarity from government on how the levelling up commitment will be achieved and delivered in the North East to support the economic equity agenda with the rest of the UK, as well as within the diverse neighbourhoods in the region. |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |        |                     |                                                                                                                                                                                   |                    |                    |
| <b>Risk Owner</b>                                                                                                                                           | Chief Executive                                                                                                                                                                                                                                     | <b>Risk Priority</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Static | <b>Previous RAG</b> | Red 12                                                                                                                                                                            | <b>Current RAG</b> | Red 12             |
| <b>Reason for change/current RAG rating:</b> N/A                                                                                                            |                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |        |                     |                                                                                                                                                                                   |                    |                    |
| <b>Issues to be aware of &amp; potential impact</b>                                                                                                         |                                                                                                                                                                                                                                                     | <b>Existing Controls &amp; Mitigation Plans</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |        |                     | <b>Additional Mitigation Plans</b>                                                                                                                                                |                    | <b>Review date</b> |
| Investment Zone policy impacting on current Enterprise Zone (EZ) financial model raising local authority financial risk                                     |                                                                                                                                                                                                                                                     | <ul style="list-style-type: none"> <li>Ongoing role regarding EZ funding. Supporting Local Authorities regarding risks to current and long term financial EZ model.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                     |        |                     |                                                                                                                                                                                   |                    | September 2023     |
| Some functions being centralised or undertaken at a larger geography eg SME funding, Net Zero Hub, business support - leading to lack of regional influence |                                                                                                                                                                                                                                                     | <ul style="list-style-type: none"> <li>We continue to work with partners across the North East to ensure a clear transition of the Local Energy Hub to the Net Zero Hub, supporting the UK Net Zero Strategy</li> <li>We continue to work with partners to identify opportunities and funding. Including securing investment to continue to develop the North East Growth Hub and the businesses and sector growth ecosystem.</li> <li>We continue to lead the coordination of the regional access to finance work to ensure future programmes meet the needs of North East businesses.</li> </ul> |        |                     |                                                                                                                                                                                   |                    | September 2023     |
| Allocation of UK Shared Prosperity Fund through 5 decision makers complicates delivery and is less efficient                                                |                                                                                                                                                                                                                                                     | <ul style="list-style-type: none"> <li>We continue to work with government, local authorities, and regional stakeholders to help shape the UK Shared Prosperity Fund and national programmes so that they can collectively prioritise delivery to ensure this remains a cohesive and simplified approach that targets the business support ecosystem</li> </ul>                                                                                                                                                                                                                                    |        |                     | We continue to work with local and combined authorities to ensure there is a shared economic evidence base across the region, and highlighting the regional investment priorities |                    | September 2023     |

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| <b>B</b>                                                                                                                                        | <b>Operational risk</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                     |        |                     |                                    |                    |                    |
| <b>1. Funding</b>                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                     |        |                     |                                    |                    |                    |
| <b>Aim</b>                                                                                                                                      | To influence government policy and also flexibly and creatively, with current funds to ensure delivery is achieved. Also ensuring we can inform and support delivery of regionally significant projects.                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                     |        |                     |                                    |                    |                    |
| <b>Risk</b>                                                                                                                                     | All funding sources relating to staff resourcing, the core operational budget, Growth Hub budget and project delivery are time limited and are not sufficient to allow the Local Enterprise Partnership (LEP) to effectively plan for the medium term.<br>In addition, the allocation of funding by central government for regional economic development activity is through five different decision makers rather than a single region-wide allocating source, which risks the continuation of consistent region-wide programme delivery leading to uncoordinated and postcode style delivery. |                                                                                                                                                                                                                                                                                                                                                                                                                                     |        |                     |                                    |                    |                    |
| <b>Risk Owner</b>                                                                                                                               | Chief Executive                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>Risk Priority</b>                                                                                                                                                                                                                                                                                                                                                                                                                | Static | <b>Previous RAG</b> | Red 16                             | <b>Current RAG</b> | Red 16             |
| <b>Reason for change/current RAG rating:</b> N/A                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                     |        |                     |                                    |                    |                    |
| <b>Issues to be aware of &amp; potential impact</b>                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>Existing Controls &amp; Mitigation Plans</b>                                                                                                                                                                                                                                                                                                                                                                                     |        |                     | <b>Additional Mitigation Plans</b> |                    | <b>Review date</b> |
| Lack of operational funding from government in 2023/24 and beyond for core operational costs and continuation of the effective Growth Hub model |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <ul style="list-style-type: none"> <li>The LEP holds some funding in reserves as a last resort if the decision to continue to support this work is taken</li> <li>On-going horizon scanning for funding opportunities to support the team and delivery.</li> <li>Budget management and forecasting on-going.</li> <li>Discussion with the new mayoral combined authority about the use of devolution operational funding</li> </ul> |        |                     |                                    |                    | September 2023     |
| Regional funds channelled through mayoral combined authorities and LAs is inefficient and uncoordinated                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <ul style="list-style-type: none"> <li>We continue to work with partners to inform and support delivery of a number of regionally significant projects using the funding available to us, but this does not sustain the level of activity and interventions underway.</li> </ul>                                                                                                                                                    |        |                     |                                    |                    | September 2023     |

|                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                      |        |                                             |                |                    |                |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|--------|---------------------------------------------|----------------|--------------------|----------------|
| <b>B</b>                                                                                                                                                                                                                                                                                                                 | <b>Operational risk</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                      |        |                                             |                |                    |                |
| <b>2. LEP transition following national LEP Review</b>                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                      |        |                                             |                |                    |                |
| <b>Aim</b>                                                                                                                                                                                                                                                                                                               | To transition into a local institution in the future as detailed by the Government's letter outlining the national review of LEPs on the 31 March 2022.                                                                                                                                                                                                                                                                                                                                                                                                                             |                      |        |                                             |                |                    |                |
| <b>Risk</b>                                                                                                                                                                                                                                                                                                              | Following the national LEP Review the government has stipulated that all LEPs will move into a local democratic institution. The North East LEP will transition into a new mayoral combined authority alongside other regional organisations. This is creating an uncertain period over the next 2 years for employees - There is a risk that we lose regional expertise and capacity resulting in an inability to delivering elements of the LEP service and effectively coordinating the delivery of the Strategic Economic Plan and other region-wide programmes and strategies. |                      |        |                                             |                |                    |                |
| <b>Risk Owners</b>                                                                                                                                                                                                                                                                                                       | Chief Executive and Chief Executive - North of Tyne Combined Authority (NTCA)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>Risk Priority</b> | Static | <b>Previous RAG</b>                         | <b>Amber 9</b> | <b>Current RAG</b> | <b>Amber 9</b> |
| <b>Reason for change/current RAG rating:</b> N/A                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                      |        |                                             |                |                    |                |
| <b>Issues to be aware of &amp; potential impact</b>                                                                                                                                                                                                                                                                      | <b>Existing Controls &amp; Mitigation Plans</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                      |        | <b>Additional Mitigation Plans</b>          |                | <b>Review date</b> |                |
| Loss of regional expertise and capacity during time of change and uncertainty as staff leave for more secure opportunities                                                                                                                                                                                               | <ul style="list-style-type: none"> <li>A coordinated approach to ensure transition arrangements is taking place.</li> <li>There have been a number of staff who have secured opportunities elsewhere. This is being discussed and gaps in delivery being identified by the Senior Management Team.</li> </ul>                                                                                                                                                                                                                                                                       |                      |        |                                             |                | September 2023     |                |
| Loss of regional mandate to progress key work areas e.g. SEP post 2024, Trade Strategy delivery etc – work is lost in vacuum of transition and uncertainty of roles to the detriment of the region                                                                                                                       | <ul style="list-style-type: none"> <li>A coordinated approach to ensure transition arrangements is taking place.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                      |        | Transition Steering Group to be established |                | September 2023     |                |
| Failure to recognise significant capacity required to form a new MCA and transfer 5 or 6 organisations into it (LEP, NTCA, NECA, INEE, TNE, PCC – tbc) and their people, data, systems, accommodation, assets etc. The success of which is essential for a smooth and effective transition, continuation of delivery and | <ul style="list-style-type: none"> <li>A coordinated approach to ensure transition arrangements is taking place.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                      |        | Transition Steering Group to be established |                | September 2023     |                |

|                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                           |                |
|----------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| auditable systems and data. – success essential for future audits                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                           |                |
| Programme delivery impacted through transition leading to sub optimum outcomes for the region                              | <ul style="list-style-type: none"> <li>• A coordinated approach to ensure transition arrangements is taking place.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                      | <p>LEP and NTCA shared senior management team meetings to be put in place</p> <p>Transition Steering Group to be established</p>                                          | September 2023 |
| Potential loss of national demonstrators from within the region e.g. Energy Hub, CRM, Careers Hubs, ONE Vision, Skills 4.0 | <ul style="list-style-type: none"> <li>• Awareness of national exemplars to be highlighted to senior regional colleagues</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                           | September 2023 |
| Loss of coordinated business voice on new Mayor Combined Authority (MCA) governance to be meaningful and influential       | <ul style="list-style-type: none"> <li>• The LEP continue the role of ensuring a robust evidence base is available to informing economic strategy development and investment decisions across the region, and key to this is ensuring the business voice is heard.</li> <li>• Maintaining the business voice through effective LEP governance to the time of transition</li> <li>• New MCA governance to ensure the business voice and influence is built in a meaningful way into the governance model</li> </ul> | <p>We recently filled the vacancies on the North East LEP Board to ensure we had a strong representation of the businesses and 'business voice' across the North East</p> | September 2023 |

### North East Joint Transport Committee Strategic Risks (for information only)

*The North East JTC Strategic Risk Register has been prepared by NECA's risk management service  
The register is presented regularly to the North East JTC Audit Committee.*

| JTC Risks to Achievement of Strategic Objectives                                                                                                                                                                                                                                     | Risk Priority | Direction of Travel                                                                                                                                                                                            |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Carbon Neutral Transport</b><br/>Failure to achieve the aspiration of carbon neutral transport network within the JTC area by 2035.</p>                                                                                                                                        | Red 12        | <p><b>Static</b><br/><i>Due to possible negative impact of Covid-19/Cost of Living Crisis on future funding and need for behavioural change</i></p>                                                            |
| <p><b>Inequality and Growth of the Economy</b><br/>Failure to achieve the planned outcomes to overcome inequality and support the growth of the economy in the JTC area.</p>                                                                                                         | Red 12        | <p><b>Static</b><br/><i>Due to possible negative impact of Covid-19/Cost of Living Crisis on future funding and cost and service availability users of public transport</i></p>                                |
| <p><b>Health</b><br/>Failure of the transport system to achieve the planned outcomes to contribute the improvements in health of the population in the JTC area.</p>                                                                                                                 | Amber 8       | <p><b>Static</b><br/><i>Positive impact of Covid-19 on active travel counter balanced by possible negative impact of Covid-19 /Cost of Living Crisis on future funding and need for behavioural change</i></p> |
| <p><b>Appealing Sustainable Transport</b><br/>The transport network within the JTC area fails to achieve the planned outcomes regarding the offer of appealing sustainable transport choices to people living or working in the area or visiting or travelling through the area.</p> | Red 12        | <p><b>Static</b><br/><i>Due to possible negative impact of Covid-19/Cost of Living Crisis on future funding and cost and service availability to users of public transport</i></p>                             |
| <p><b>Safety and Security</b><br/>The transport system within the JTC area fails to achieve the planned outcomes regarding its safety and security.</p>                                                                                                                              | Amber 8       | <p><b>Static</b><br/><i>Arrangements in place but possible negative impact of Covid-19/Cost of Living Crisis on future funding</i></p>                                                                         |

| <b>JTC Organisation Risks</b>                                                                                                                                                                                                                                       |                |                                                                                              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------------------------------------------------------------------------------------|
| <b>Future Availability of Funding</b><br>Sources and levels of funding available to the JTC to develop the North East regions transport infrastructure within the region may reduce.                                                                                | <b>Red 12</b>  | <b>Static</b>                                                                                |
|                                                                                                                                                                                                                                                                     |                | <i>Reduced opportunities for Non-mayoral Authorities and impact of Cost of Living Crisis</i> |
| <b>Funding Opportunities</b><br>Failure of the JTC to secure the maximum amount of transport funding available to progress transport infrastructure in the North East region.                                                                                       | <b>Amber 8</b> | <b>Static</b>                                                                                |
|                                                                                                                                                                                                                                                                     |                |                                                                                              |
| <b>Use of Funding and Resources</b><br>Funding secured for transport initiatives within the North East region by the JTC and its partners may not be able to be used on a timely basis or be sufficient to complete intended projects.                              | <b>Amber 8</b> | <b>Static</b>                                                                                |
|                                                                                                                                                                                                                                                                     |                |                                                                                              |
| <b>Governance Arrangements</b><br>The governance arrangements of the JTC are not appropriate to allow effective and timely decision making and the achievement of its objectives.                                                                                   | <b>Green 4</b> | <b>Static</b>                                                                                |
|                                                                                                                                                                                                                                                                     |                |                                                                                              |
| <b>Operational Capacity and Resourcing</b><br>The JTC does not have the necessary operational capacity, skills and budget, to successfully deliver the JTC's objectives and plans.                                                                                  | <b>Amber 8</b> | <b>Static</b>                                                                                |
|                                                                                                                                                                                                                                                                     |                |                                                                                              |
| <b>Delivery of Transport Improvement Projects/Programmes</b><br>Projects which are funded through the JTC are delayed, are significantly overspent or do not deliver the intended product to meet the identified transport need.                                    | <b>Green 4</b> | <b>Improving</b>                                                                             |
|                                                                                                                                                                                                                                                                     |                | <i>Positive Internal Audit Opinion</i>                                                       |
| <b>Transport Infrastructure Assets</b><br>Transport assets, which are the responsibility of the JTC, are inadequately managed and maintained.                                                                                                                       | <b>Green 6</b> | <b>Static</b>                                                                                |
|                                                                                                                                                                                                                                                                     |                |                                                                                              |
| <b>Service Delivery</b><br>Inadequate arrangements are in place to ensure that adequate levels of public transport services, for which the JTC has oversight, are maintained by the JTC's transport delivery partners.                                              | <b>Green 6</b> | <b>Static</b>                                                                                |
|                                                                                                                                                                                                                                                                     |                |                                                                                              |
| <b>'Catastrophic Event'</b><br>Inadequate arrangements are in place should a 'catastrophic' event occur which seriously impacts the transport system in the North East. e.g. public health emergency, security incident, infrastructure collapse (e.g. power, fuel) | <b>Amber 8</b> | <b>Static</b>                                                                                |
|                                                                                                                                                                                                                                                                     |                |                                                                                              |

Risk Management Toolkit – Criteria to assess the likelihood of a risk occurring and its impact i.e. High (4) x Critical (4) = Red (16) **Appendix F**

| Determine the risk priority |                |               |       |             |          |
|-----------------------------|----------------|---------------|-------|-------------|----------|
| Impact                      |                |               |       |             |          |
| Likelihood                  |                | Insignificant | Minor | Significant | Critical |
|                             | High (4)       | 4             | 8     | 12          | 16       |
|                             | Medium (3)     | 3             | 6     | 9           | 12       |
|                             | Low (2)        | 2             | 4     | 6           | 8        |
|                             | Negligible (1) | 1             | 2     | 3           | 4        |

| Assess the likelihood of the risk occurring |                                                             |
|---------------------------------------------|-------------------------------------------------------------|
| High (4)                                    | Risk will almost certainly occur or is occurring at present |
| Medium (3)                                  | Risk is likely to occur in most circumstances               |
| Low (2)                                     | Risk may occur                                              |
| Negligible (1)                              | Risk is unlikely to occur                                   |

**Assess the impact should the risk occur**

|                                 | Objective                                                                                                                                                                                              | Service Delivery                                                                                                                                                                                                                                                                                                                                                           | Financial                                                                                                                                                                                                                                                                       | Reputational                                                                                                                                                                                                                                                                                                               |
|---------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Critical/Showstopper<br>Page 97 | <ul style="list-style-type: none"> <li>Over half the objectives/programmes affected</li> <li>More than one critical objective affected</li> <li>Partners do not commit to the Shared vision</li> </ul> | <ul style="list-style-type: none"> <li>Significant change in partner services</li> <li>Relationship breakdown between major partners and stakeholders</li> <li>Serious impact on delivery of objectives</li> <li>Unplanned major re-prioritisation of resources and/or services in partner organisations</li> <li>Failure of a delivery programme/major project</li> </ul> | <ul style="list-style-type: none"> <li>Inability to secure or loss of significant funding opportunity (£5m)</li> <li>Significant financial loss in one or more partners (£2m)</li> <li>Significant adverse impact on budgets (£3m – Transport; £0.2m Central Budget)</li> </ul> | <ul style="list-style-type: none"> <li>Adverse national media attention</li> <li>External criticism (press)</li> <li>Significant change in confidence or satisfaction of stakeholders</li> <li>Significant loss of community confidence</li> </ul>                                                                         |
| Significant                     | <ul style="list-style-type: none"> <li>One or more objectives/programmes affected</li> <li>One or more partners do not commit to shared vision</li> <li>Significant environmental impact</li> </ul>    | <ul style="list-style-type: none"> <li>Partner unable to commit to joint arrangements</li> <li>Recoverable impact on delivery of objectives</li> <li>Major project failure</li> </ul>                                                                                                                                                                                      | <ul style="list-style-type: none"> <li>Prosecution</li> <li>Change in notable funding or loss of major funding opportunity (£2m)</li> <li>Notable change in a Partners contribution</li> <li>Notable adverse impact on budget (£0.5m-£1.5m Transport budgets)</li> </ul>        | <ul style="list-style-type: none"> <li>Notable external criticism</li> <li>Notable change in confidence or satisfaction</li> <li>Internal dispute between partners</li> <li>Adverse national/regional media attention</li> <li>Lack of partner consultation</li> <li>Significant change in community confidence</li> </ul> |
| Minor                           | <ul style="list-style-type: none"> <li>Less than 2 priority outcomes adversely affected</li> <li>Isolated serious injury/ill health</li> <li>Minor environmental impact</li> </ul>                     | <ul style="list-style-type: none"> <li>Threatened loss of partner's commitment</li> </ul>                                                                                                                                                                                                                                                                                  | <ul style="list-style-type: none"> <li>Minor financial loss in more than one partner</li> <li>Some/loss of funding or funding opportunity threatened</li> </ul>                                                                                                                 | <ul style="list-style-type: none"> <li>Failure to reach agreement with individual partner</li> <li>Change in confidence or satisfaction</li> <li>Minor change in community confidence</li> </ul>                                                                                                                           |
| Insignificant                   | <ul style="list-style-type: none"> <li>Minor effect on priorities/service objectives</li> <li>Isolated minor injury/ill health</li> <li>No environmental impact</li> </ul>                             |                                                                                                                                                                                                                                                                                                                                                                            | <ul style="list-style-type: none"> <li>Isolated/minor financial impact in a partner organisation</li> </ul> <p>(Financial limits are under review)</p>                                                                                                                          |                                                                                                                                                                                                                                                                                                                            |



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## Audit and Standards Committee 24 January 2023

**Subject: Internal Audit 2022/23 Quarterly Update Report and Development of Strategic Internal Audit Plan 2023/24**

**Report of: Richard Dunlop, Interim Chief Internal Auditor**

### Report Summary

This update outlines the proposed approach to the Strategic Internal Audit Plan for 2023/24 and ensures that the Audit and Standards Committee is engaged in the assurance planning process. A full Internal Audit Plan will be presented at the Audit and Standards Committee meeting on 25 April 2023.

The Work Programme for the Audit and Standards Committee includes quarterly updates from Internal Audit at each of the four scheduled meetings during the year. This report provides Audit and Standards Committee with the third progress update against the 2022/23 Internal Audit Plan, and includes any other unplanned work undertaken. The Plan was approved by the Audit and Standards Committee at its meeting on 26 April 2022.

### Recommendations

The Audit and Standards Committee is recommended to consider and note Internal Audit's report and endorse the approach to preparation of assurance coverage for the 2023/24 Strategic Audit Plan.

The Audit and Standards Committee are also invited to highlight to the Chief Internal Auditor any areas for consideration or inclusion in the 2023/24 Strategic Audit Plan.

#### 1. Background Information, Proposals and Timetable for Implementation

##### Development of Strategic Audit Plan – 2023/24

- 1.1 The Authority's Internal Audit Service *is defined in the Public Sector Internal Audit Standards (PSIAS) as "an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes"*.
- 1.2 Internal Audit are therefore an independent resource available to assist the Authority to explore areas of potential efficiency and matters of probity and internal control. Internal Audit objectively examines, evaluates and report on the adequacy of the control environment (such as the Constitution, Financial regulations, etc.), and seeks to apply its experience and knowledge of the Combined Authority to make sensible and informed recommendations for improvement.

- 1.3 The preparation of the Strategic Audit Plan follows a risk assessment of the Authority's activities and is undertaken at least annually. Internal Audit's knowledge, the Authority's Strategic Risk Register, and senior managers, as well as Audit Committee members, all have an input to the Plan, albeit Internal Audit must be allowed independence in its planning and operation and have an unrestricted range of coverage of the Authority's operations. This approach ensures that Internal Audit resources are deployed in areas that will provide optimum benefit and value to the Combined Authority.
- 1.4 This approach is key to Internal Audit achieving its objectives as an independent assurance function for the North of Tyne Combined Authority (NTCA) and to providing an independent and objective opinion on the adequacy and effectiveness of the framework of governance, risk management and control.
- 1.5 To ensure that that a plan of work is compliant with all legislative responsibilities and professional standards the Audit Plan is agreed for the coming year. For 2023/24 the Audit Plan will also consider the proposals regarding the North East Mayoral Combined Authority commencing 1 April 2024. This will meet the Combined Authority's key assurance requirements by providing a detailed, risk based Strategic Internal Audit Plan for 2023/24 and will be presented to Audit and Standards Committee at its scheduled meeting on 25 April 2023. The Audit Plan will seek to review all activities and processes on a planned basis, with lower risk or less significant items reviewed less frequently than higher risk or more significant areas. Each year the audit universe will be reviewed, and the risks and priorities updated and revised to ensure the Audit Plan remains topical. The detailed PSIAS planning requirements are set out at Appendix A.

## **2022/23 Quarterly Progress Update**

- 1.6 The Internal Audit Plan approved by Audit and Standards Committee on 26 April 2022 set out assignments, and a summary of each of these, and any other work undertaken to date during 2022/23, including residual 2021/22 Internal Audit Plan work finalised in the current year, is shown below. It is common for audit work to span more than one audit period if it is started later in the year.
- 1.7 The position statement for the 2021/22 and 2022/23 audit work is:

2021/22 specific Audit Plan Governance Reviews were:

- Monitoring of grant conditions (moved to 2022/23, see below)
- Governance arrangements in relation to the NELEP (see below)
- Governance arrangements and SLAs (completed and reported November 2022)
- Key Financial systems (completed and reported July 2022)

2022/23 Audit Plan Governance Reviews:

- Monitoring of grant conditions (in progress, see below)
- Business continuity arrangements (completed and reported November 2022)
- Performance management (in progress, see below)
- Operational Capacity and resources (planned in quarter 4, see below)
- Net zero transition (planned in quarter 4, see below)
- National fraud initiative (NFI information submitted for 2022/23 and review planned in quarter 4, see below)

## Work In Progress

| Area of Review                                                                                                                          | Description of Assignment and Current Status                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-----------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Governance Arrangements in relation to the North-East Local Enterprise Partnership (NELEP)</p> <p>(Governance Review)</p>            | <p>This audit is underway and involves a review of the financial management, decision-making and reporting arrangements established between the Combined Authority and NELEP. The purpose of the audit is to ensure these arrangements adequately serve the Combined Authority's role as the accountable body for the NELEP.</p> <p>A draft report has been issued and discussions are ongoing with the relevant officers to finalise the report.</p>                                                                                                                                                                                                                                  |
| <p>Monitoring of grant conditions (in respect of grant funding both received by NTCA and issued by NTCA)</p> <p>(Governance Review)</p> | <p>This audit is underway and will examine and evaluate the NTCA arrangements to monitor both:</p> <ul style="list-style-type: none"> <li>• its own grant conditions as a grant funding recipient and ensuring that the specified outcomes are delivered; and</li> <li>• its arrangements as a grant funding body to set appropriate grant conditions when issuing funding to other organisations and monitor and evidence compliance with those grant conditions.</li> </ul> <p>In this respect the audit will build upon the Investment Fund audit undertaken in 2019/20 when the Combined Authority was at an embryonic stage in establishing its Investment Fund arrangements.</p> |
| <p>Evidence Checking of Recommendations</p> <p>(Corporate and cross Cutting)</p>                                                        | <p>We are currently working with Key Officers to check on the status of recommendations. An update on the implementation of the recommendations will be provided to Audit and Standards Committee at the next meeting in April 2023.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <p>Adult Education Budget (AEB) Steering Group</p> <p>(Advice and Programme Assurance)</p>                                              | <p>One aspect of Internal Audit's work is to attend the AEB steering group approximately once a month in a 'programme assurance' capacity.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

## Upcoming Work

| Area of Review                                           | Description of Assignment and Current Status                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|----------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Performance Management</p> <p>(Governance Review)</p> | <p>Following discussions with Management, this piece of work will take the form of 'programme assurance' work rather than a traditional audit. The change in approach was agreed to take into account a refresh of current arrangements by NTCA. The programme assurance work will continue to provide assurance for the original agreed objective, that is recorded below.</p> <p>This audit will determine the extent to which NTCA's performance management arrangements are aligned to the organisation's corporate plan objectives, including Inclusive Economy and Innovation in Recovery, and whether</p> |

|                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                      | <p>performance management arrangements cascaded through the Authority are likely to support delivery of achievement of planned outcomes.</p> <p>The audit will include a review of the OPS Project and Grant Management System.</p> <p>The programme assurance work is planned to begin in January 2023.</p>                                                                                                                                                                                                                        |
| <p>National Fraud Initiative (NFI) Data Matching Exercise</p> <p>(Financial Systems and Probity)</p> | <p>The NFI is the Cabinet Office's data matching exercise to aid with the prevention and detection of fraud. Data relating to Trade Creditors and Payroll was submitted to the Cabinet Office in October 2022.</p> <p>The Cabinet Office will release matches from the exercise on 26 January 2023, and Internal Audit will analyse any results and liaise with key officers to ensure that any required follow up action is undertaken should it be required.</p>                                                                  |
| <p>Net Zero Transition</p> <p>(Governance Review)</p>                                                | <p>This audit will review the plans in place to deliver the Authority's Net Zero Transition priorities. It will assess the extent to which planned actions will support achievement of the organisation's objectives in this area.</p> <p>The work is currently scheduled to begin in February 2023.</p>                                                                                                                                                                                                                            |
| <p>Operational Capacity and Resources</p> <p>(Governance Review)</p>                                 | <p>This audit will examine the arrangements in place to ensure that as the NTCA continues to develop, it has the necessary operational capacity, skills and expertise available in order to successfully deliver agreed objectives, plans and responsibilities.</p> <p>It is envisaged that this audit will include a review of the workforce planning framework, recruitment and retention and flexibility of resource, in conjunction with planned objectives.</p> <p>The work is currently scheduled to begin in March 2023.</p> |

## 2. Potential Impact on Objectives

- 2.1 The North of Tyne Combined Authority Corporate Plan sets out the strategic objectives and priorities of the Combined Authority. The work of Internal Audit and Audit and Standards Committee contributes to the overall achievement of the Authority's objectives and priorities.

## 3. Key Risks

- 3.1 Internal Audit coverage is based on an assessment of audit risk, both that inherent in organisational service delivery and also those risks and opportunities associated with the North of Tyne Combined Authority's main aims. As such, Internal Audit is a key strand in the governance arrangements of the North of Tyne Combined Authority and an integral tool in managing risk.

#### **4. Financial and Other Resources Implications**

- 4.1 There are no direct financial or other resource implications arising from the recommendations set out in this report. Through its review of a range of audit, accounting and governance related items, the Audit and Standards Committee assesses the Authority's use of financial resources and value for money.

#### **5. Legal Implications**

- 5.1 The Cities and Local Government Devolution Act 2016 established that Combined Authorities must arrange for the appointment of an Audit Committee and sets out the functions of the Audit Committee. This includes reviewing and assessing the authority's risk management, internal control and corporate governance arrangements.
- 5.2 The Accounts and Audit Regulations 2015 are a statutory instrument and require the Authority to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.
- 5.3 The Public Sector Internal Audit Standards and related Local Government Application Note establish the professional standards Internal Audit must apply when planning the use of its resources. This report and the Internal Audit Strategic Plan 2022/23 have been prepared in accordance with both the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards.

#### **6. Equalities and Implications**

- 6.1 There are no direct equalities implications arising out of the recommendations in this report. The Audit and Standards Committee is mindful of its duty under the Public Sector Equality Duty and will always consider whether what is before them eliminates discrimination, harassment and victimisation; advances equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and fosters good relations between persons who share a relevant protected characteristic and persons who do not share it. The Committee also considers the implications for people from different socio-economic backgrounds/low pay as a protected characteristic.

#### **7. Inclusive Economy Implications**

- 7.1 There are no direct inclusive economy implications arising out of the recommendations in this report. The Audit and Standards Committee is mindful of the NTCA's inclusive economy ambitions and the five characteristics of an inclusive economy: participation; equity; growth; stability and sustainability.

#### **8. Climate Change Implications**

- 8.1 There are no direct climate change implications arising out of the recommendations in this report. The Audit and Standards Committee is mindful that the NTCA and the three constituent Local Authorities have declared a Climate Emergency.

#### **9. Consultation and Engagement**

- 9.1 The Chief Executive, Chief Finance Officer and Director of Policy and Performance were consulted in preparation of Internal Audit's 2021/22 and 2022/23 audit coverage.

## 10. Appendices

Appendix A: Public Sector Internal Audit Standards Guidance on Internal Audit Planning

## 11. Background Papers

- (a) [Internal Audit Strategic Audit Plan 2021/22](#)
- (b) [Internal Audit Strategic Audit Plan 2022/23](#)
- (c) [Cities and Local Government Devolution Act 2016](#)
- (d) [Accounts and Audit Regulations 2015](#)
- (e) [Public Sector Internal Audit Standards, Chartered Institute of Public Finance & Accountancy / Institute of Internal Auditors, April 2017](#)
- (f) Local Government Application Note for the UK Public Sector Internal Audit Standards, Chartered Institute of Public Finance & Accountancy / Institute of Internal Auditors, February 2019

## 12. Contact Officers

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## 13. Glossary

| Abbreviation | Description                                                             |
|--------------|-------------------------------------------------------------------------|
| NFI          | National Fraud Initiative - The Cabinet Office's data matching exercise |
| NELEP        | North East Local Enterprise Partnership                                 |

**The Public Sector Internal Audit Standards (PSIAS, 2017), and the specific Local Government Application Note on the Standards**

- 1.1 The Public Sector Internal Audit Standards (PSIAS, 2017), and the specific Local Government Application Note on the Standards set out the professional requirements which Internal Audit must apply when planning the use of its resources. It states that:
- a) The Chief Internal Auditor (Chief Audit Executive) must establish risk-based plans to determine the priorities of internal audit activity, consistent with the organisation's goals.
  - b) The plan of engagements must be based on a documented risk assessment, undertaken at least annually. The input of senior management and Audit and Standards Committee (the 'board') must be considered in this process.
  - c) The Chief Internal Auditor must identify and consider the expectations of senior management, the board and other stakeholders for internal audit opinions and other conclusions.
  - d) The Chief Internal Auditor should consider accepting proposed consulting engagements based on the engagement's potential to improve management of risks, add value and improve the organisation's operations. Accepted engagements must be included in the plan.
  - e) The Chief Internal Auditor must communicate plans and resource requirements, including significant interim changes, to senior management and Audit and Standards Committee for review and approval. The Chief Internal Auditor must also communicate the impact of any resource limitations; and
  - f) The Chief Internal Auditor must ensure that internal audit resources are appropriate, sufficient, and effectively deployed to achieve the approved plan.
- 1.2 Preparation of the detailed Combined Authority's Strategic Internal Audit Plan for 2023/24 will embrace the above standards and involve the following stages:
- a) Developing Internal Audit's intelligence base on the breadth of the Combined Authority's functions from published plans, strategies, and reports, including the risk registers.
  - b) Consulting with the Chief Executive, Chief Finance Officer and Director of Policy and Performance and Audit and Standards Committee Members on this preparatory work, and their aspirations for Internal Audit work and coverage in the coming year. This consultation allows us to identify the areas where stakeholders consider Internal Audit can provide the greatest assistance and benefit.
  - c) Developing the assessment of audit risks, to prioritise audit coverage and ensure the Strategic Audit Plan includes all key areas of audit assurance, with resources targeted at those areas of highest priority.
  - d) Developing the outcomes which each Internal Audit assignment in the Strategic Audit Plan will deliver, and the objectives which each audit will meet; and
  - e) Ensuring that each proposed audit assignment will help assess and support a priority or priorities of the identified corporate plan.

Once this process is finalised, the Strategic Internal Audit Plan will be presented to the Audit and Standards Committee for approval in April 2023 and will set out Internal Audit's planned 2023/24 coverage. This will include detail on all key areas of Internal Audit provision, and the objectives which each assignment will deliver.

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